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Bureau Update

BOSTON PUBLIC LIBRARY
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BOSTON MUNICIPAL RESEARCH BUREAU

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

July, 1996

WHERE'S YOUR AFFIDAVIT?

You may have missed it because many Boston taxpayers have, but by August 1st, property owners in Boston were required to fill out an affidavit of address and telephone number and return it to the City. Failure to comply could, after two other steps, result in a \$100 lien placed on the property. The intent of this provision is to identify ownership of properties that are not maintained or comply with building or land regulations.

Initiated as part of the City of Boston's 1995 legislative package, the law (Ch 126, Acts 1995) requires that an affidavit of address be included with each preliminary tax bill for both real and personal property which was due on August 1st. Information to be included in the affidavit includes the owner's name, address and telephone number. Out of state owners must appoint an agent located in the Commonwealth to provide the information. Failure to comply would result in a warning and then a \$100 fine being issued before the fine would be placed on the property as a lien. Efforts to amend the law by exempting owners who receive residential exemptions or personal property owners or by not requiring telephone numbers in the affidavit have not been successful.

Subject to local option, the act must be accepted by a city or town before it can be implemented. Boston did not waste any time and approved the act in December, 19 days after it became effective. The affidavit was included at the bottom of the City's FY97 first quarter preliminary tax bill. Making the process cumbersome is the fact that the property owner must send the first quarter tax bill to one address and the affidavit to another address. Owners who did not submit the affidavit will be sent a warning letter by the City around September 1st. The City's operational costs to implement this act will be significant as it must process and follow-up on approximately 135,000 real and personal property tax bills.

The intent to identify property owners who do not maintain their property is worthy but the affidavit is the wrong approach. This is an onerous and unnecessary burden on all property owners at great expense of time and money to the City. At less cost, a different program could more effectively target the much smaller number of problem owners.

FY97 BUDGET GROWS

On June 28th, the City Council gave final approval to Boston's \$1.349 billion budget. This budget is \$2.9 million higher than originally submitted in April. The additional spending was approved to cover BPS collective bargaining agreements for custodians and bus drivers and the expansion of programs for Community Centers. Also included in the revised budget are additional code enforcement officers, technical assistance improvements in the Office of Cultural Affairs, increases in health insurance due to added firefighters and increased mailing costs. Funding was made available by revised estimates in state aid, increases in some city revenue accounts and a decrease in funding requirements for county corrections.

MORE STATE AID

On June 30th, Governor Weld signed the FY97 state budget totaling \$17.45 billion. This includes almost \$3.5 billion in state aid to cities, towns and school districts. For Boston, state aid is expected to total \$417.1 million (net of \$9.1 million for charter schools), an increase of \$24.6 million or 6.3% over FY96. That represents an increase of \$2.3 million over the aid projected in the final FY97 city budget. State aid this year represents 30.9% of Boston's total operating revenues.

STATE AID TO BOSTON FY1996 & FY1997

		Cherry Sheets		
	FY 1996	FY 1997	change	% change
ADD. ASSISTANCE	\$206,638	\$206,638	0	0.0%
CHAPTER 70	86,016	106,410	20,394	23.7%
LOTTERY	37,496	41,108	3,611	9.6%
SCHL. CONSTRUCTION	13,025	13,726	700	5.4%
PUPIL TRANSPORT	9,757	9,670	(87)	-0.9%
TEACHER PENSIONS	35,500	35,000	(500)	-1.4%
MISCELLANEOUS	4,053	4,588	535	13.2%
STATE REVENUES	\$392,486	\$417,139	\$24,653	6.3%

BMC TRUSTEES NAMED

On July 3rd, the names of the 30 Trustees of the Boston Medical Center (BMC) were announced. Ten individuals were designated by Mayor Menino and ten were designated by the Board of Trustees of Boston University

Medical Center Hospital. Six Trustees serve Ex Officio because of the positions they hold such as Physician-in-Chief or President of the Medical Staff of BMC. The remaining four Trustees represent Boston HealthNet community health centers. The Mayor selected Manuel M. Ferris, President & CEO of Harvard Pilgrim Health Center, to be Chairman of BMC and Jack Valentine, Director for Health Care Entrepreneurship, Health Policy Institute, Boston University will serve as Vice Chairman. Elaine Ullian has been named President & CEO of BMC and will serve on the Board Ex Officio. The Trustees will serve for five year staggered terms. A complete list of the Board of Trustees is available upon request of the Bureau.

PAYZANT APPOINTS NEW PRINCIPALS

On July 31st, Superintendent Thomas Payzant announced the appointment of six new principals and headmasters and the transfer of one principal. Six of these individuals will replace the administrators whose contracts were not renewed in April. One principal is being transferred to one of the six vacancies, creating a seventh vacancy. Two of the seven individuals come from outside the BPS, although one is returning to Boston having spent the last two years as a principal in the Milton public schools. Schools that will have new principals or headmasters in September are Dorchester High, Hyde Park High, Cleveland Middle, King Middle, Hale Elementary, Blackstone Elementary and Haley Elementary. The Superintendent appointed these individuals believing that they will provide strong school-based leadership which he has stated is "perhaps the single most important factor in creating effective schools."

WHAT ABOUT THE SIX?

The Superintendent is still in negotiations about next moves with the six principals and headmasters whose individual one-year contracts were not renewed in April. Most of the six have hired lawyers and one has filed a court suit. At issue for some is the evaluation process utilized by the Superintendent.

A superintendent's authority to dismiss a principal is not as strong as most people assume. Under the Education Reform Act of 1993, a superintendent only has the full authority to remove a principal who has served in that capacity for less than three years and consequently is not tenured. A principal who is tenured may only be dismissed for "good cause" and may request an arbitration hearing. This law has yet to be tested as to the extent of any superintendent's authority to dismiss a tenured principal and what constitutes "good cause." Also not tested is the issue of whether non-renewal equates with dismissal.

The outcome of these negotiations and any court decisions will directly affect the Superintendent's efforts to reform the BPS. All principals and headmasters have one-year contracts for the 1996-1997 school year. With more time for review, the

Superintendent will be in a stronger position to make principal changes next April. The Superintendent must be sure that his evaluation process is fair and thorough in order for his decisions to stick.

STADIUM PROJECT FUNDING

Given the on-going debate in Boston about the funding of stadium and other major projects, we thought the table prepared by our fellow Governmental Research Association member in Michigan would be of interest.

CONSTRUCTION FUNDING FOR ARENA AND STADIUM PROJECTS SINCE 1992

FACILITY		FUNDING	
		Public	Private
Kiel Center	St. Louis	1994	0 % 100 %
Fleet Center	Boston	1995	0 100
United Center	Chicago	1994	7 93
Charlotte Coliseum	Charlotte	1995	24 76
The Ballpark	Arlington, TX	1995	27 73
Gateway Stadium	Cleveland	1994	48 52
San Jose Arena	San Jose	1993	82 18
Coors Field	Denver	1995	85 15
Alamo Dome	San Antonio	1993	100 0
Camden Yards	Baltimore	1993	100 0
Trans World Dome	St. Louis	1995	100 0

Sources: Citizens Research Council of Michigan & Governing Magazine

From a general comparative purpose, this table is useful. However, a comparison of construction funding does not provide the full picture of public support for each project since it does not consider the benefits of any tax agreements or infrastructure support associated with each project. For the Fleet Center, for example, the Garden Corporation and the City of Boston negotiated a 15-year 121A tax agreement which was especially helpful in providing an important tax break in the construction years. Numerous benefits were provided by the State as well as the MBTA through its infrastructure improvements.

FINANCIAL REPORTING KUDOS

Atlanta may have had the Olympics but its Auditing Department does not have The Government Finance Officers Association's (GFOA) *Certificate of Achievement for Excellence in Financial Reporting*. That honor was awarded to the City of Boston in June. The Certificate was given to Boston in recognition that the Auditing Department's comprehensive annual financial report (CAFR) was thorough, understandable, presented in conformity with requirements of generally accepted accounting principles (GAAP) and provided a wide variety of information useful in evaluating the financial condition of a government. The Certificate is the highest form of recognition in the area of governmental accounting and financial reporting. At the GFOA's Annual Meeting in June, City Auditor, Sally Glora, was recognized as the individual primarily responsible for preparing the award-winning CAFR.

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BOSTON MUNICIPAL RESEARCH BUREAU

August/September, 1996

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

1996 SHATTUCK RECIPIENTS

The Bureau is pleased to announce the six Shattuck Public Service Award recipients for 1996. The Shattuck Awards are given each year to a few special, dedicated employees of the City of Boston who have committed themselves to excellence in public service. They are role models for others to emulate and honoring them shows that excellence in public service is recognized and appreciated. The recipients for 1996 are:

Frank A. Altieri
Supervisor of Data Processing
Boston Public Library

Minnie M. Dixon, Director
East Zone Parent Information Center
School Department

Frank N. Frattaroli
Deputy Commissioner
Inspectional Services Department

Luis Garcia, Director
Office of Research and Analysis
Police Department

William W. Henderson, Jr.
Principal
Patrick O'Hearn Elementary School

Richard A. Serino
Superintendent in Chief
Emergency Medical Services

The six employees will be recognized for their exceptional service to the City of Boston at the Awards Ceremony on October 23rd at 6:00 P.M. at the Sheraton Boston Hotel & Towers in the Grand Ballroom. The Chair of the Awards Committee this year is Ira A. Jackson, Senior Vice President, BankBoston. If you would like to join the Bureau in honoring the 1996 recipients, call us at 227-1900.

SHATTUCK PLAQUE DEDICATION

This year a special event will occur prior to the Shattuck Awards Ceremony. On Tuesday, October 15th, Mayor Menino and the Research Bureau will celebrate a commitment to excellence by dedicating a plaque in the third floor main entrance of City Hall recognizing the 76 Shattuck Award recipients from 1985 through 1996. Invitations are required. For more information about this celebration, call us at 227-1900.

VOTE "NO" ON QUESTION 2

The 1991 Act creating the appointed School Committee required that a binding question be placed on the November 5, 1996 ballot asking voters whether the appointed Committee should continue in Boston beyond 1997 or be replaced by a 13-member elected Committee. A NO vote on Question 2 will keep the appointed Committee and a YES vote will bring back the elected Committee made up of nine members elected by District and four elected At-Large.

On October 1st, Mayor Menino submitted to the City Council a home rule petition which would provide voters the opportunity to re-examine the structure of the Boston School Committee every six years beginning in the year 2002. This action was taken to respond to voters who believe that now is not the right time to change the school structure but who want the right to vote a change, if warranted, after the appointed Board structure has had more time to prove itself. The question stated in the petition, if approved, would enable the voters to repeal the appointed Board and substitute it with "a new school governance structure." That structure, could be an elected Committee or another structure such as the Mayor directly appointing the Superintendent. Through the home rule petition process, any substitute would require approval of the Mayor, City Council, Legislature and Governor.

The Bureau believes that the appointed School Committee is unquestionably the best choice for the future of the City of Boston. Under this structure, final accountability rests with the Mayor who is more invested in school performance. The fundamental flaw of the elected structure was that it did not insure accountability in any one person or board. The voters of Boston can have more of an impact on educational improvement by holding the Mayor accountable for school performance every four years. That seems to us more preferable than an election about structure every six years.

AN OPPORTUNITY TO SERVE

The School Committee Nominating Panel is looking for Boston residents interested in serving on the School Committee. John Gould's term will expire at the end of December. The Panel must submit 3-5 names to the Mayor no later than December 6, 1996. The deadline for applications is Tuesday, November 12th at 12 Noon. Applications are available by calling 635-4408 or writing to: School Committee Nominating Panel, JFK Station, P.O. Box 8943, Boston, MA 02114. The person selected by the Mayor will begin office on Monday, January 6, 1997 and serve a four-year term. However, if Question 2 is approved, the term would be for one year only as the elected Committee members would begin their terms in January, 1998. Serving on the appointed School Committee provides an opportunity to make a difference at an exciting time.

BMC MOVES FORWARD

The Boston Medical Center has been in operation since July 1st. and has succeeded in meeting its first tests but the challenges are still great. As required in the merger agreement, the BMC did close Boston Specialty & Rehabilitation Hospital (BSRH) on October 1st and transferred its clinical services and programs to BMC. This move was necessary to provide services more efficiently. In April, 1996, this hospital cost the City about \$700,000 a month to operate and was staffed at 210 employees for 70 patients. To facilitate the move, in September admissions were referred to BMC or other facilities so that by October 1st only six patients were transferred to BMC. Through attrition, the number of BSRH employees in September dropped to 185. To ease the impact of personnel changes, an attractive severance package was offered and accepted by 65 employees. Of the 120 employees moving to BMC, some will fill positions in the new rehabilitation unit, others will fill vacancies and the remaining employees will bump into positions at BMC based on job classification and seniority, which will create disruption on the main campus. The BRA is responsible for preparing a plan for the future use of the Mattapan campus.

BMC also succeeded in negotiating 15-month contracts with all the unions except the Massachusetts Nurses Association, which represents the nurses formerly employed by University Hospital. On September 25th, BMC announced that it must cut its budget by 10% which represents about \$40 million. The Center is in the process of identifying cuts using industry standards as a guide. That level of reduction cannot be achieved without reducing workforce expenses. Overall, 300-350 positions have been cut at BMC since July 1st.

AT THE BARGAINING TABLE

It has been quiet but the City is in the process of negotiating new employee contracts with all the major unions except the Boston Teachers Union. The contracts for AFSCME, Council 93, SEIU, Local 285, the police patrolmen, firefighters and many others all expired in June, 1996. These contracts remain in force until replaced with successor contracts.

A critical factor in the final outcome of these negotiations will be the financial impact of the salary and benefit proposals. The City has developed a sophisticated budget projection model that will allow it to plug in the cost of any contract proposal to determine its financial impact on the City over a five year period. Prudent utilization of this management tool should insure that the City does not agree to contracts that are not affordable over the life of the

contracts. This budget projection model can also be used to cost out initiatives being considered for next year's budget.

The Menino Administration should not agree to any employee contract unless it contains agreements for productivity improvements, work rule changes and reforms that will enable the City to deliver services more efficiently and effectively. The Administration had this opportunity in its first set of negotiations but spent too much of its political capital negotiating residency requirements. A performance evaluation system tied to goals and objectives should be included in contracts to determine merit pay. The Boston Water and Sewer Commission negotiated merit pay into three of its four employee contracts several years ago. Once negotiated, these contracts must be managed carefully to insure full execution of the improvements and reforms.

BOSTON RANKS 68TH

The Boston Retirement Board's portfolio investments produced a return just below the statewide average in calendar 1995 according to the Commonwealth's Public Employee Retirement Administration (PERA). Boston's return was 23.14% compared with the average rate of return for all 107 Massachusetts retirement systems which was 23.49%. Boston's return was basically the same as the 23.13% return earned by the Pension Reserve Investment Management (PRIM) Board, which invests for municipal clients. Boston ranked 68th out of the 107 systems. Over the past five years, Boston's investment return has been 12.57% compared with the state average of 11.97% ranking it 12th overall. In 1995, Falmouth ranked 1st with a return of 30.87%, followed by Wellesley at 27.74% and Arlington at 27.61%. Wellesley has the best five year record at 15.06%, followed by Winthrop at 13.64%. Boston's actuarial funding schedule assumes an annual investment growth of 8.0%. Investment return in excess of 8.0% helps reduce the City's future pension payments. The City's pension budget for fiscal 1997 is \$98.7 million. Boston's total pension asset value as of December 31, 1995 was \$1.776 billion making it the fourth largest system in the Commonwealth behind the State Teachers, State and PRIM Board. Boston spent \$4.9 million in management, custodian and consultant fees in 1995.

REGIONALIZATION AT WORK

The Regionalization Commission, jointly supported by the State and City, has been meeting to explore ways in which collaborative regional efforts could provide municipal services more efficiently. The 13 members (See May/June Update) have established three working committees: (1) Economic Development and Environment, (2) Basic Services and (3) Public Process and Legacy. The Commission will be organizing a series of forums on ongoing experiments with regional cooperation. The Economic Development and Environment Committee has initiated a research study of property tax growth over the last several years and how future growth might be pooled and distributed in the future. The Basic Services Committee will be issuing RFPs to study how public services can be delivered more effectively in the areas of public safety, human services, public works and facilities and administration and finance. The Public Process and Legacy Committee will develop surveys and establish focus groups in the late fall to determine public opinion about regional service delivery.

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BOSTON MUNICIPAL RESEARCH BUREAU

October, 1996

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815



BUREAU NEWS

The Bureau is pleased to welcome Jim McInnis to the full-time research staff. Jim graduated this past June, from Northeastern University with a B.A. in Political Science and will be our Research Associate. In the past, he worked for the Bureau for six months through Northeastern's Co-op program. Jim is a great addition to the staff and will definitely be kept very busy.

SHATTUCK PLAQUE DEDICATED

As you enter the third floor main entrance of City Hall, stop to take a look at the Shattuck Award's Plaque on the brick wall. With the strong support of Mayor Menino, this plaque will honor permanently the 77 Shattuck Award recipients and those who follow for their exceptional initiative and commitment to serving the public. The plaque commemorates that one person can make a difference and that public service can be a noble profession. We extend our thanks to Ira Jackson and BankBoston for making the plaque possible. We are grateful to Michael Galvin, the City's Chief of Basic Services and his staff for all their assistance, as well as Susan Meyers, the City's Chief Architect.

On October 23rd, six Boston employees received the Bureau's *Henry L. Shattuck Public Service Award* in recognition of their exceptional service to the City of Boston. The Bureau salutes the dedicated service of Frank Altieri~Library, Minnie Dixon~BPS, Frank Frattaroli~Inspectional Services, Luis Garcia~Police, William Henderson, Jr.~BPS, and Richard Serino~EMS.

The Bureau is grateful for the sponsorship and in-kind contributions of the following businesses, institutions and performers which made the 12th annual Shattuck Awards such a success.

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SCHOOL ACCOUNTABILITY WINS

The No vote for an appointed Committee structure won a resounding victory on November 5th. By a margin of 70%-30%, the voters decided that stability and continued school improvement were more certain by holding the Mayor accountable and allowing him to appoint the School Committee than returning to an elected structure of 13 members which did not insure direct accountability in either the Mayor or School Committee. The appointed Committee won by a plurality of 59,459 votes and carried all of the City's 22 Wards except two. The overall voter turnout for this election was 72% and about 55% of all registered voters pulled the lever on Question 2.

The large margin of victory for the appointed Committee should end the debate about governance. This overwhelming vote should provide the stability needed to allow the focus to return to matters of school improvement such as teaching, learning, curriculum, staff development, resource allocation, facilities, student assignment and individual school reform plans. The Committee members should heed the concerns about access raised during the campaign. Even so, the parents first call should be to the Administration.

SURPLUS IN THE CITY...

The City of Boston ended FY96 with a \$2.2 million surplus according to a preliminary financial statement released by the City. This surplus, based on expenditures of \$1.530 billion represents the 11th consecutive surplus in Boston. Revenue collections from hospital receipts, investment income, licenses, permits and fines exceeded excess expenditures in the areas of hospital, public works and public safety. The City collected revenues of \$1.532 billion of which 71% came from the property tax and state aid. This year (FY97), without the revenues of a public hospital as a result of the creation of the Boston Medical Center, property taxes and state aid represent 83% of the City's total general fund estimated revenues.

...AND IN THE SCHOOLS

Contributing to the overall \$2.2 million surplus, the School Committee finished FY96 with an operating surplus of \$16,325 based on a budget of \$456.2 million. This represents the 6th consecutive year that the BPS achieved a budget surplus. Additional spending due to increased enrollment, school opening and collective bargaining resulted in a supplementary appropriation of \$11.9 million in FY96. The FY97 BPS budget is \$471.8 million, 35% of the City's total budget.

BIG DOGS EAT FIRST

The Massachusetts Department of Public Utilities is moving forward with plans to deregulate the electric power industry by January 1, 1998, with expectations that it will lead to competitive pricing and improved service. When deregulation is implemented, utility companies will no longer be regulated on a cost-plus basis with respect to creating and selling power. Local electric utility companies will have to allow electricity from other suppliers to run over their lines. The new, open market system will potentially permit every utility customer in Massachusetts to purchase power from any supplier of electric energy. DPUC's ability to reach a timely agreement on industry issues and involvement of the Legislature in the deregulation process may delay the actual implementation date.

Deregulation raises several important strategic issues for Boston. As a major user of electric power, \$24.6 million spent in FY96, the City should be able to use its purchasing power to negotiate more favorable pricing agreements. It can also join other municipalities or businesses to form a larger purchasing group (**big dog**) to negotiate lower rates. This is based on the belief that major power generating companies will be willing to offer discounts to develop a stable customer base. Boston, on the other hand, must be concerned about how deregulation might change the property value of Boston Edison, the single largest payer of property taxes in the City. That would, in part, be determined by decisions about how utilities would be able to recover sunk capital costs in this new open marketplace. Now is also the time for Boston to establish a comprehensive energy policy and to pursue energy conservation.

BOSTON RATES AN "A1"

On November 6th, Moody's announced that it had increased Boston's bond rating from "A" to "A1", the highest bond rating ever received by the City from Moody's. Boston had been rated "A" by Moody's since 1988. The reasons for the rating change will be explained in the November *Update*. The new Moody's rating is applied to the \$90 million bond issue expected to be sold competitively on Nov. 13th.

That amount is larger than the \$75 million projected in the latest capital budget. The Police Department will receive the largest share of the bond proceeds at \$26.9 million or 30% of the total for finishing the building of the Police Department Headquarters and other projects. The building and remodeling of schools for \$25.3 million or 28% is a close second. Public works projects involving the construction of roads and bridges and installation of lights total \$13.9 million or 16% and parks and recreation work adds up to \$11.8 million or 13%.



ACCREDITATION WATCH

Since January, 1996, the New England Association of Schools and Colleges (NEASC) has fully accredited four more high schools in Boston: Madison Park, Brighton, South Boston and Latin Academy. Madison Park's accreditation was continued and the remaining three schools were returned to full accreditation after being on probation or on warning status. As of October 15th, eight of the City's 15 public high schools face accreditation problems. To address these problems, \$3.0 million has been allocated in the FY97 BPS budget and \$4.3 million in the capital budget. FY97 marks the second year of the City's three-year plan to address accreditation needs in Boston's high schools. Most of the accreditation needs center around facility issues such as technology and libraries. The majority of the personnel issues were satisfied in year one of the accreditation plan. Accreditation priorities include the construction or renovation of 10 library/media centers, wiring buildings for new computers and the addition of 15 new media center specialists to replace high school library aides.

The table below lists the accreditation status of the eight high schools experiencing problems.

SCHOOL	STATUS
Boston	> Probation
Boston Latin	> Warning
Burke	> Not Accredited
Charlestown	> Probation
Dorchester	> Warning
East Boston	> Probation
English	> Warning
Hyde Park	> Probation

All of the schools listed in the table above have plans in place to address accreditation issues so that all high schools in Boston are fully accredited. For example, plans are underway to construct a new library/media center at Boston Latin following the warning status received by NEASC last April because of inadequate library space. The new Headmasters assigned to Dorchester High and Hyde Park High will oversee extensive facility improvements starting by January to address issues related to their continued warning and probationary status respectively. Completion of a new science lab and library/media center at Boston High School along with submission of a special progress report should lead to full accreditation in 1997. In June, Burke High began a 16-month application process to regain accreditation status. By January, new computers should be installed in Burke and Charlestown High Schools.

Additionally, English High expects to be returned to full accreditation this spring, after completing facility improvements as well as constructing science and language labs. Snowden International High expects to be fully accredited following its decennial accreditation visit this school year.

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BOSTON MUNICIPAL RESEARCH BUREAU

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THE REST OF THE BOND RATING

Bureau News

✓ Mark your calendars for the Bureau's Annual Meeting of Directors and Members. Mayor Menino will be the keynote speaker at this event. He will continue his *State of the City* address at this meeting. It will be held on **January 30, 1997 at 12 Noon.** Information will be mailed shortly.

As reported in last month's *Update*, Moody's upgraded Boston's bonds from "A" to "A1" on November 6th. Standard & Poor's had increased its rating for Boston's bonds from "A" to "A+" last year. The credit reports from both agencies last month indicated that the ratings were in response to three main factors: (1) continued improvement in the greater-Boston economy, (2) a well-managed capital plan which adheres to conservative debt management policies and (3) continued strong fiscal management. Boston's lower unemployment rate and lower vacancy rate for class A office space were cited as examples of the area's economic recovery. Debt retirement is fairly rapid with 45% of debt retired in five years and 74% retired in ten years. The City's effort to reduce its head count through attrition and an early retirement incentive program for non-teaching and non-public safety employees was felt to be appropriate to control future expenditure growth. The reports

noted the City's "healthy" general fund balances and the newly created Boston Medical Center which allowed the City to cap its annual operating and capital subsidies to BMC. One report also noted the voters' decision to continue with the appointed School Committee and that under the appointed Committee five consecutive operating surpluses were achieved which "provides stability to the City's finances." Concern was raised about the City's "highly constrained revenue structure" which relies on the property tax, constrained by Proposition 2½'s annual growth limit, and state aid, which the City does not control, for 83% of its operating revenues. This lack of revenue flexibility continues to "require tight control over expenditures." Both reports noted that the City's property tax levy is near the Proposition 2½ primary limit of 2.5% of assessed value but felt that continued modest tax base growth should enable Boston's levy to stay below the ceiling.



THREE NEW PILOT SCHOOLS APPROVED

On November 20th, the School Committee approved three new Pilot Schools to open in September 1997: the Boston New School (K-8) under the direction of nationally known school reformer, Deborah Meier, Quincy Upper School (6-12) and Harbor Point School (6-8). This will bring the total number of Pilots to 11. There are currently 125 schools in the BPS. In fiscal 1997, Pilot Schools represent 1.8% of total enrollment and less than 1.0% of total BPS spending.

Pilot Schools operate independent of union and School Committee regulations. The Boston New School will be located in the former Mission High School. Approval of the remaining two new Pilot Schools is conditional upon securing facilities by April 1997. The combined first year enrollment of the three schools is limited to 311 students. After that, enrollment will be allowed to increase as new grade levels are added at each school. This year, the BPS will fund a \$25,000 planning grant for each school to cover start-up costs.

At the close of their three year contract, Pilot Schools will be evaluated based on multiple criteria including demonstration of innovative learning techniques and the ability to replicate programs in traditional settings.

BPS PILOT SCHOOLS			
Approved Schools	Grade Level	Program Specialization	Enrollment Fall 1996
1995-96			
Boston Arts Academy	9-12	Performing and Visual Arts	164
Downtown Evening Academy HS	9-12	At-risk Students	125
Fenway Middle College HS	6-12	School-to-Career	258
Health Careers Academy	9-12	School-to-Career	180
Lyndon Elementary School	KII-5	Thematic Learning	289
Young Achievers Elementary	K-8	Extended day, Math & Science	184
1996-97			
Greater Egleston Community HS	9-12	At-risk Students	71
Multicultural Middle College HS	9-12	International Studies	81
1997-98 [1]			
Boston New School	K-8	Progressive Education	100
Quincy Upper School	6-12	Pavilions, Extended Day	151
Harbor Point School	6-8	Thematic Learning	60

[1] Enrollment reflects maximum first year enrollment for 1997-98 school year.

TECHNOLOGY IN THE CITY

The City is exploring an upgrade of its financial and management information systems. The impetus for this technology upgrade is the planning now completed by the School Committee to improve its own financial and management information systems. The City is looking to adopt a comprehensive systems package that will allow it to move forward with a citywide system that can be integrated with the system planned for the School Department.

Over the last month, key city employees have been presented with product demonstrations from various vendors. The City is looking for systems that are user friendly, fully integrated and connected to all departments.

The upgrade of the City's financial and management systems is vital to improving the City's ability to deliver services more efficiently and cost-effectively. The upgrade will be costly but the expense will be offset by future efficiencies. The current system is too disjointed and lacks a fully integrated personnel payroll system. That is unacceptable since over 60% of city spending is for personnel. Decentralizing the City's systems presents problems in providing security and ensuring that data is used correctly.

THE CITY COUNCIL...

sent back to the Council's Committee on School Matters the Mayor's special law which would require a vote on school governance every 6 years. The Committee had redrafted the proposal to require an election every 4 years coterminous with the mayoral election. Not supported by the Mayor or several Councillors, the docket was referred back to the Committee.

The appointed structure allows the voters to hold the Mayor accountable for school performance every 4 years. There is no need for a separate vote on governance every 4 or 6 years.

- under suspension of the Council rules, passed a total of \$6.6 million in grants for various public safety programs. All of these grants were passed without comment or public hearing.
- passed a resolution to support the United Farm Workers of America's California strawberry organizing campaign. The only discussion involved Councillor Saunders' questioning the relevance of the resolution to Boston.

This resolution got past President Kelly who has worked hard to keep resolutions not related to Boston out of City Council debate. The Council should pay more attention to approval of grants rather than issues not directly affecting Boston.

- approved a local option law, *Chapter 181 of the Acts of 1995*, which authorizes municipalities to give a 3% discount for the early and full payment of tax bills. This was passed despite the fact that the provisions cannot be implemented by Boston or other communities on a quarterly tax payment system. It is also not clear as to why Boston needs to offer such an incentive. The law also increases real estate tax abatements for the elderly to

the maximum allowed. This is an increase based on the growth in the consumer price index. For those eligible, the previous abatement was \$175. The revised abatement increased by 2.39% to \$179. Mayor Menino signed both provisions on November 25th.

Quarterly issuing of tax bills makes a discount an administrative nightmare and not practical to implement. The legislation was clearly written for communities with semi-annual tax collections.



THE SCHOOL COMMITTEE ...

- received the Exam School Task Force report that recommended an option that combines performance rankings and measures to maintain diversity. The first 50% would be filled in rank order, based on results of the exam school test and grade point average. For those students scoring above the 50th percentile, the remaining seats would be filled by rank within racial/ethnic guidelines equal to the percentages in the qualified pool.
- modified the Student Assignment Plan to expand parental choice and reduce race-related assignments. The changes will reduce administrative assignments, improve access to neighborhood schools and change racial group percentages.
- received a budget update that projected FY97 spending to exceed the \$471.7 million BPS budget by \$2.0 million. School officials believe this to be a manageable problem that will be resolved over the next few months.



THE MAYOR...

- received from the School Committee Nominating Committee, 5 nominations for the School Committee position that will be vacant when John Gould steps down on January 6, 1997. The Mayor will interview the 5 candidates on December 19th and 20th and make his selection soon thereafter.
- is expected to set the FY97 tax rate in December. The appreciation of value should mean that tax rates will drop and the tax bills, on average, will increase moderately. The FY96 residential rate of \$13.78 is expected to decrease by a few cents while the commercial rate of \$42.59 will decrease more substantially.
- released his legislative package for 1997. The package consists of over 50 proposed acts and the re-file of 9 home rule petitions. Some items in the package would:
 - 1) enhance economic development incentives in economic opportunity areas (EOAs). One proposal would authorize exemption from sales taxes for construction materials and equipment for renovating abandoned buildings in EOAs. Another would authorizing tax credit for corporations that donate new computers to public schools located in EOAs.
 - 2) provide tax credit for businesses that clean up and develop "brownfields," abandoned or under-used industrial or commercial properties with environmental problems.
 - 3) distribute lottery funds based on point of sales.
 - 4) prohibit exemption for personal property used in production of power.

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BOSTON MUNICIPAL RESEARCH BUREAU

December, 1996

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HAPPY HOLIDAYS

Best wishes from all of us at the Bureau for a happy holiday season and a very healthy, happy and prosperous new year.

ANNUAL MEETING

Mayor Menino will be the featured speaker at the Bureau's Annual Meeting that will be held on Thursday, January 30th at 12 Noon. The Mayor will have delivered his "State of the City" address on January 14th and will continue that address on issues of interest to the business community at the Annual Meeting. The time and place of the Annual Meeting are:

Date: Thursday, January 30, 1997

Time: 12 Noon

Place: Meridien Hotel

Invitations will be mailed shortly.

FY97 TAX RATE SET

The appreciation of property values has allowed Boston's tax rates to decline, although most tax bills will increase. Boston set its tax rates on December 16th, one day later than last year. The business tax rate is \$41.50 per thousand of assessed valuation and the residential rate is \$13.73. That represents a decrease in the business rate of \$1.09 or 2.6% and a decrease in the residential rate of \$0.05 or .36%. The average tax bill for an owner occupied home in Boston this year is \$1,586, an increase of \$55 or 3.6% over last year. Total taxable property is assessed at \$31 billion in FY97, an increase of \$1.6 billion or 5.5% over FY96. Total business property values increased by 6.8% and residential values increased by 4.6%. These values are as of January 1, 1996 and reflect calendar 1995 and the first quarter 1996 market activity. The City's overall effective tax rate, taxes as a percent of value, is 2.42%, down from 2.45% last year. The City's levy may not exceed 2.5% of its value.

The property tax levy in FY97 is \$749 million, an increase of \$29.5 million or 4.1% over the prior year. This year's levy is \$25.8 million below the levy ceiling, the primary limitation of Proposition 2½. The property tax levy represents 56% of the City's total general fund revenues in FY97.

As a result of the City's implementation of full classification, business property accounts for 40% of taxable property value in Boston, yet pays 70% of the tax bill in FY97. The business effective tax rate is 4.15%, one of the highest in the region. Other communities in the area that compete with Boston for business location offer noticeably lower business tax rates.

EARLY RETIREMENTS

In a response to the increase in the number of city employees over the past two years, the Menino Administration instituted an Early Retirement Incentive program (ERI) for non-education and non-uniformed public safety personnel. About 230 employees on a FTE basis will retire under this program which is projected to produce a net savings after pension payments of \$1-\$2 million. The ERI provided an additional 5 years of age or service or a combination of the two, whichever maximized an employee's pension benefit. Employees were required to file their intent to retire under the ERI by November 27th, with employees leaving by the end of December. Approximately 70% of the vacant positions are expected to be refilled. However, each position filled must be approved by a Management Reduction Task Force which would require department heads to justify the need to fill the position. About 20% of the total reduction will come in management positions. Most retirements are expected in the Public Works, Library, Police, Transportation and Parks Departments.

The City does need to reduce its work force and the ERI is an appropriate approach if it is cost-effective. The City will lose many long-time effective employees

Contract negotiations in a mayoral election year are always problematic. Nevertheless, the Mayor should not agree to any employee contract unless it contains provisions for productivity improvements, performance management, work rule changes and reforms that will enable the City to deliver services more effectively and efficiently. These changes should be included in contracts that provide no more than a 3% annual salary increase. That is about as much as the City can afford and is generally what other public entities are providing. The Mayor possesses sufficient political capital to demand real contract improvements for the dollars offered. The public should expect no less.

who will be difficult to replace. In 1997, a city election year, caution should be exercised regarding the number of positions filled and every effort must be made to insure that the selection of new employees is based on professional credentials, not political connections.

THE MAYOR ...

- ◆ announced the appointment of Bernard A. Margolis as the new President of the Boston Public Library. He made the announcement with William O. Taylor, President of the Library Trustees which made the appointment. Mr. Margolis has served as the Director of the Pikes Peak Library District in Colorado Springs. Mr. Margolis will oversee the Copley Square Library, the Kirstein Business Library and 25 branch libraries. The Library Department has an all-funds budget of \$31.2 million and employs 574 employees (FTE).
- ◆ interviewed the five applicants for the School Committee. Committee Member John Gould's term expires at the end of this year. Mr. Gould has opted not to re-apply for the appointment. All five candidates this year are parents.
- ◆ did not support a football facility in South Boston but suggested the South Bay area of Boston instead.

THE CITY COUNCIL ...

- ◆ Labor Committee, chaired by Councillor Roache, held a hearing on employee training and layoff decisions by Boston Medical Center. Union activists asked for the hearing claiming that they were being targeted for dismissal.

The Council's interest in this issue is predictable. However, the bottom line is that BMC is a private hospital that must reduce its operating costs to be competitive in order to survive. Further cuts will be required.

- ◆ Councillor Gareth Saunders announced his plans to run for President of the Council. Current President, Jim Kelly is completing his third term and is seeking a fourth term. The Council will elect its President for 1997 on January 6th.

THE SUPERINTENDENT ...

- ◆ announced that the School Department's FY97 budget problem increased to \$3.4 million. The gross number is much higher but the expectation is that steps are available now to address all but \$3.4 million. A plan for that balance is being developed and will include a freeze on new hires and other personnel changes.

The financial consequences of educational policy initiatives need to be understood better before being approved. The BPS's spending and position control systems should be changed to prevent this situation from re-occurring in the future.

- ◆ recommended a revised exam school admissions policy reflecting the 50/50 option (see November Update) and expansion of several tutorial and academic preparation programs for 5th and 6th grade BPS students. The Committee adopted the recommendations and added preparation programs for 4th grade students. The Superintendent predicted these programs would cost at least \$1.5 million to implement starting in fiscal 1998.

FYI: MWRA and BOSTON

The Massachusetts Water Resources Authority was established in 1985 to provide wholesale water and sewer services, in whole or in part, to 61 communities primarily in eastern Massachusetts, with Boston being its largest customer. MWRA's waterworks system dates back to 1652 while its sewer system goes back to 1885. The Authority is governed by an 11-member Board chaired by the Secretary of Environmental Affairs for the Commonwealth. Three members are appointed by the Mayor of Boston. The Authority has a net operating budget of \$365.7 million in FY97 and employs about 1,800 people.

The MWRA receives about 88% of its revenues from the rates and charges paid by the local communities within the district in FY97. Of the total rate revenue, Boston pays 32%. The next largest customer is the City of Newton which pays 5%. The rate revenue requirements for the MWRA over the next five years are projected to increase from \$321.9 million in FY97 to \$535.7 million in FY02, for an average annual rate increase of about 10%. That translates into a four-person household bill increasing from \$646 to \$1,002 over that period. The rate increases are due, in part, to higher debt service requirements and added costs for operating the new treatment facility.

Boston's charges are paid by the Boston Water and Sewer Commission (BWSC) which was established in 1977 as an independent public entity. The Commission is governed by three members appointed by the Mayor. Assessments from the MWRA represent 54% of the BWSC's total operations this year but will grow to 63% in FY00. The BWSC has no taxing power but funds its operations through the collection of water and sewer fees from approximately 87,100 accounts in the City. The BWSC estimates that its rates will increase at an average rate of 5.6% through FY00. The BWSC employs a ten-step inclining block rate structure which encourages conservation and provides some relief to lower-income customers. High user commercial and industrial customers pay the premium rates.

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BOSTON MUNICIPAL RESEARCH BUREAU

January, 1997

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BMRB'S 65TH ANNUAL MEETING

The Bureau held its *65th Annual Meeting* of Members and Directors on January 30th. At this meeting, **Richard A. Soden**, Partner in the law firm of Goodwin, Procter & Hoar was re-elected Chairman and **L. Carl Gustin**, Senior Vice President of Boston Edison was re-elected Vice Chairman. **Edward C. Hall**, President of New England Services was elected Treasurer. The Bureau also elected 10 new Directors to the Board. They are:

Stephen E. Cavan ~ Mass Financial Services

Kenneth G. Condon ~ Boston University

Joseph X. Donovan ~ Coopers & Lybrand

Joan L. Gulley ~ PNC Bank, New England

Richard A. Krezwick ~ MBG Corporation

Jacqueline W. Liebergott ~ Emerson College

William J. McIntyre ~ NYNEX

Thomas B. Newman, Jr. ~ Teradyne

Jacqueline A. O'Neill ~ Harvard University

David A. Raszmann ~ Prudential Realty

Group

Newly elected to the Bureau's Executive Committee are: **Rosalind E. Gorin**, H.N. Gorin, Inc., **Joanne Y. Jaxtimer**, Mellon Trust/The Boston Company and **William J. McIntyre**, NYNEX.

STATE OF THE CITY ADDRESS

Mayor Menino hailed 1996 as "a year when extraordinary things happened for ordinary people" during his State of City Address given at the Boston Public Library on January 14th. In his speech, the Mayor focused much of his attention on his Administration's accomplishments in 1996 in what he called the "fundamentals of urban life -- jobs, public safety, public health, and public schools." Some of the biggest accomplishments highlighted include:

- ◆ The creation of Boston Medical Center
- ◆ No on Question 2 to retain the appointed Committee

MAYOR UNVEILS ECONOMIC PLAN

Over 250 business, civic and public leaders attended the Bureau's Annual Meeting to hear Mayor Menino unveil his economic development and planning initiatives for 1997. The Mayor's agenda focused on four key areas:

1. **New convention center** ~ Predicting a 23% increase in convention business over the next five years but only a 12% increase in convention space, the Mayor renewed his call for a new convention center. The center would be the nucleus of a new South Boston Seaport. The Mayor stated that Boston currently ranks among the top five convention destinations in the country, but 41st in terms of convention space.
2. **New "Southwest Corridor City Hall"** ~ To revitalize Crosstown in Roxbury, the Mayor announced plans for the City to purchase the Registry Building at Parcel 18 and relocate over 1,000 city employees from departments outside of City Hall to the site.
3. **New marketing director** ~ To promote Boston's economic promise, the Mayor announced the creation of a new marketing director position in the BRA to lure investors and foreign companies to the City.
4. **Boston 400** ~ The Mayor unveiled a comprehensive public planning process to guide Boston to its 400th birthday in the year 2030. Boston 400, to be directed by the BRA, would bring existing initiatives together and explore: where to locate major economic development projects, how to improve public transit access, how to enhance public parks and open space and how to expand the City's neighborhood and downtown economies.

Mayor Menino ended his speech by paying a special tribute to the Bureau on its *65th Anniversary*. The Mayor thanked the Bureau for the significant role it played in the hospital merger and the retention of an appointed school committee.

The Bureau believes that a ten year master plan is needed to prepare for the new wave of economic development that is coming. Important ingredients, such as the zoning code or specific planning studies, have been updated or are underway and need to be brought together into the broader context of the whole city. Improving economic conditions warrant the strengthening of the BRA's planning function which should be funded through the City's operating budget, not bond proceeds. The Bureau questions the use of public funds to purchase the Registry building. Private interest exists for the building and the area. The City already is providing public support for economic activity by building the new police headquarters close by.

- ◆ The City's highest municipal bond rating ever
- ◆ Violent crime at its lowest level since 1970
- ◆ A \$10 million Annenberg Foundation grant for BPS
- ◆ Boston Main Streets program creating 375 jobs

The Mayor also touched upon his goals for 1997, including:

- ◆ New Convention Center
- ◆ Freeze on water and sewer rates for the fourth year
- ◆ Homework's Plus, a home improvement loan fund
- ◆ Sales tax-free Zone to create jobs in urban areas
- ◆ Rental Assistance Fund, a \$2 million, 2-year plan
- ◆ Theater district revival for infrastructure and safety

CONVENTION CENTER REPORT

The Convention Center Pre-Development Working Group established by the Commonwealth and City issued its interim report in January. The report identifies and answers key questions related to the feasibility and development of a new trade and convention facility in South Boston. Definitive recommendations will be developed for the final report which is expected in March. The report concluded that the proposed trade and convention facility would support existing and new market needs while the Hynes would continue to prosper as a facility for smaller conventions. It found that Boston does not rank among the top 30 locations in terms of prime exhibit space in its principal convention facility even though the City is an attractive convention site. The report noted that new hotel development is needed. With the new center, the 3,100 rooms being built or planned should not reduce the annual hotel occupancy rate by more than 1-2%.



The report projected the new trade and convention center would generate \$436 million per year in direct spending from outside the region. The facility would create 5,500 jobs in the Greater Boston area. The best location is

the South Boston site bound by Summer Street, D Street, Cypher Street and the South Boston Haul Road. The site size is approximately 60 acres which includes land that could be used for future expansion. In FY96, the total assessed value of the site was \$40.6 million. Taxable property on the site generated \$1.5 million in taxes. The overall construction area will be 1,690,000 square feet and the estimated cost of the project is \$645 million. Recommendations for financing the facility are reserved for the final report. The interim report did note that convention center construction is usually paid for with public debt financing repaid with fees or tax revenues generated by those who use or benefit from the facility. Once approved, the convention facility would take about 18 months to design and about three years to build. The center could open in the fall of 2002.

WELD'S '98 LOCAL AID BUDGET



On January 22, Governor Weld filed House 1, his \$18.2 billion proposed budget for FY98 with the Legislature. His budget represents an increase of \$520 million or 2.9% over the current year. Cherry sheet payments to cities and towns would grow by \$302.3 million, representing 58.1% of the total budget increase. Chapter 70 school aid would increase by \$222 million next year to \$2.3 billion in this fifth year of the seven-year school aid schedule. Lottery aid would increase by \$55.4 million to \$539.7 million in year three of the five-year schedule adopted to eliminate the cap on Lottery distributions. For Boston, House 1 recommends \$145.7 million in Chapter 70 funds, an increase of \$21.0 million or 16.9% and \$45.7 million in Lottery funds, an increase of \$4.6 million or 11.1%. That represents a total increase of \$25.6 million in those two accounts. However, some of the Chapter 70 increase will be allocated to charter schools, reflecting enrollment growth. The Governor's budget also includes a 50% increase in funding for early childhood education programs and a \$24 million increase in School Building assistance accounts, both of which could affect Boston.

THE SCHOOL COMMITTEE

- welcomed Susan Naimark as the newest member of the School Committee. The Mayor appointed Ms. Naimark in response to the call for a parental voice on the Committee during the Question 2 campaign. Ms. Naimark has two children in the BPS and is Director of the Affiliated Network at YouthBuild USA, a

non-profit organization which runs a job training, alternative education and leadership development program for low income high school drop-outs. She replaces John Gould, whose term expired on December 31. Also, the Committee re-elected Robert Gittens as Chairperson and Dr. Elizabeth Reilinger as Vice-Chairperson for 1997.

The City is indebted to John Gould for the experience and leadership he contributed to the Committee for the past three years.

- announced that this year's BPS budget problem had stabilized at a net figure of approximately \$3.5 million. A plan to end the fiscal year on budget has been implemented and includes a freeze on new hires and overtime. This year's budget problem stems primarily from the filling of positions that were not budgeted in response to approved policy decisions, accreditation requirements, enrollment growth in more costly special education programs and individual school issues. An additional potential liability of between \$3.2 to \$4.4 million based on an adverse court opinion regarding the layoff of 39 custodians last April and unanticipated plaintiff attorney's fees related to the McLaughlin case also needs to be addressed.

Strict spending control must be enforced for the remainder of this year. The BPS's expenditure control and position control systems should be strengthened to prevent a repeat of this problem in the future. Funding these costs next year and funding the initiatives in the BPS's five year education reform plan will require a significant reduction in the FY98 base budget.

- announced that the New England Association of Schools and Colleges voted to fully accredit Boston High School and remove it from probationary status. The school had been on probation since 1994. Currently, seven of the City's 15 public high schools face accreditation related problems.

THE CITY COUNCIL

- re-elected James Kelly as City Council President. President Kelly announced his appointments to the 21 City Council standing committees for 1997. Most committee chairs remained unchanged from 1996. They include: Economic Development and Transportation, Diane Medica; Education, Peggy Davis-Mullen; Government Operations, Maureen Feeney; Ways and Means, Maura Hennigan. Changes were made in 6 committee chairs including Public Health, Francis Roache and Public Safety, Stephen Murphy.
- is negotiating with the Mayor before deciding whether to attempt an override of the Mayor's veto of an ordinance passed by the Council that would require all school buses to have monitors, seat belts and crossing gates. Currently, principals can order monitors on buses where appropriate. Studies concerning seat belt safety on buses are inconclusive.

The Council's effort to direct how the School Committee expends its appropriation is in direct conflict with Proposition 2½ which specifically reserves for the School Committee the right to allocate its appropriated funds. The Mayor should be careful of the precedent set in any compromise on this issue.

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February/March, 1997

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13TH ANNUAL SHATTUCK PUBLIC SERVICE AWARDS

The Bureau is now accepting nominations for the 13th annual Henry Lee Shattuck Public Service Awards. If you would like to nominate an exceptionally dedicated employee of the City of Boston please contact the Bureau office at 227-1900 for a nomination form.

Since 1985, the Bureau has honored 77 City employees who have demonstrated exceptional initiative and commitment to serving the needs of the citizens of Boston.

Mark Your Calendar-- This year's Shattuck Awards ceremony will be held on October 15, 1997, at the Sheraton Boston Hotel and Towers. **Ira A. Jackson**, Executive Vice President, BankBoston, will chair the Awards Committee.

FY98 BPS BUDGET APPROVED

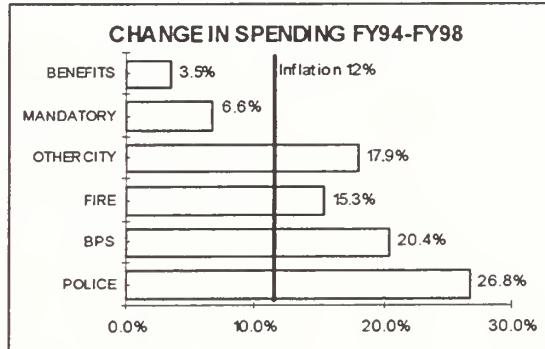
The FY98 BPS budget totaling \$491.5 million was approved by the School Committee in March and has been submitted by the Mayor to the City Council for final adoption. This budget represents an increase of \$19.7 million or 4.2% over the current year. Factors driving next year's spending are: enrollment growth (\$7.0M), inflationary increases (\$7.4M), and educational priorities (\$19.0M) such as the Exam School Admissions Task Force recommendations, purchase of math textbooks and continued support for FY97 priorities such as full-day kindergarten, the development of curricula and assessments and School-to-Work programs. This budget includes funding for the opening of two new pilot schools, although final decisions have not been made. A projected enrollment increase of 1,045 students has contributed to an increase of 141 budgeted positions, bringing the total to 7,828. Not included in the general fund appropriation is \$68.7 million in grant funds, \$81.2 million in capital funds and \$14.8 million in city funds set aside for charter school costs. Also, not included are costs for collective bargaining contracts not yet settled which the City will fund separately.

With this increase, there should be no reason why the BPS cannot manage its spending to remain within the FY98 authorized appropriation. The BPS budget still is not a true policy document that clearly explains how and why budget resources are allocated. Hopefully, progress in this direction will be made before final approval is given to the BPS budget in June.

FY98 CITY BUDGET UNVEILED

The Mayor submitted to the City Council his recommended FY98 budget of \$1.42 billion, an increase of \$70.5 million or 5.2% over FY97. Most of the increase is concentrated in the priority areas of Schools (+\$19.7M or 4.2%), Police (+\$9.6M or 5.7%), Fire (+\$4.4M or 4.6%), Public Works (+\$4.2M or 7.9%) and Community Partnerships (+\$29.548 or 62.5%). Additionally, the FY98 budget reserves \$23.7 million for collective bargaining agreements that are expected to be settled over the next few months. This budget funds two new classes of firefighters and one new class of police officers, an increase in the cost for trash collection and disposal along with funding for an early education and child care initiative for children from birth to kindergarten. The budget, excluding schools, is expected to add almost 400 people to the payroll over January, 1997 levels.

On the revenue side, 80.8% of the City's revenues come from two sources, the property tax (52.1%) and state aid (28.7%). These revenue sources represent 77% of the overall \$70.5 million revenue increase. Other increases are expected from interest on investments (+\$6M), excise taxes (+\$4.8M) and fines (+\$2.7M). The City is using \$4.3 million in revenue from the surplus property fund to support the move into the new police headquarters (\$3.3M) and \$1M for a new risk retention reserve.



CONVENTION CENTER REPORT



In March, the Pre-Development Working Group, consisting of representatives of the Governor, Mayor, Senate President and House Speaker, issued its final report on building a new Boston Convention & Exhibition Center (BCEC) in South Boston. The findings, which are very similar to those issued in the January preliminary report, estimated the total project cost at \$695 million. Responding to House Speaker Thomas M. Finneran's recommendation that at least 50% of the total cost be paid by parties who will benefit from the BCEC, the report recommended using tax dedicated revenue bonds to finance half the project with the other half funded by general obligation bonds. The report estimated that revenue bonds for half the cost plus an expected debt service requirement would require new dedicated revenues of approximately \$40 million for the first bond year, eventually increasing to \$75.5 million in the final bond year. To provide the necessary revenue stream, the report recommended a menu of tax options, including:

- An increase in the hotel room tax for existing and new hotels in Boston and possibly Cambridge.
- Hotel, meals, beverage and sales taxes collected by the State in a Special Finance District.
- All or a portion of the existing state and local hotel tax revenue in Boston.
- Meals, beverage and sales taxes from new hotels in Boston

Existing and new hotels figure prominently in the financing recommendations. The report estimates that an additional 3,800 new hotel rooms will need to be constructed to meet the demand that will be generated by a new BCEC. The report noted that additional dedicated revenue raised beyond debt service requirements would be needed for marketing and promotion, operating deficits, capital reserves and future expansion.

Prior to the release of this report, Mayor Menino proposed that the City of Boston purchase the land for up to \$125 million to assemble the site for BCEC. The City would retain its local hotel room tax and cap its contribution at \$125 million. This matter is being negotiated among the parties. The final proposal for the BCEC will be submitted in May to the General Court in the form of legislation now being drafted. The specifics of the funding of the BCEC will be included in the legislation. Stay tuned.

THE MAYOR

- ◆ recommended his \$1.25 billion capital plan for fiscal years 1998 to 2002. Funding this plan over the next 5 years will require the City to issue general obligation bonds totaling \$771 million, or 62% of the total, with the balance coming from federal, state and other funding sources. Even after excluding borrowing for school purposes, the City would need to borrow \$109 million per year to fully fund this plan. However, the City does not intend to borrow in excess of \$90 million per year. Annual debt service costs are projected to increase from \$80.7 million in FY98 to \$95.2 million in FY02. The greatest percentage of funds are authorized for neighborhood revitalization projects (34%), followed by education (22%), economic development (19%) and public safety (10%). Among the facilities scheduled to be placed into service during FY98 are the \$69 million police headquarters and the Draper Pool in West Roxbury.

This 5 year plan projects spending in excess of what the City can afford. Strict management of the City's debt service will dictate how much the City actually will borrow. In the future, the capital plan should realistically reflect the City's ability to pay.

- ◆ appointed Thomas N. O'Brien as BRA director and Chief Economic Development Officer. Mr. O'Brien succeeds former Director, Marisa Lago, who resigned in December. No stranger to the BRA, Mr. O'Brien served as BRA Chief of Staff for two years during which time he spearheaded the City's Convention Center proposal and Empowerment Zone Initiative. Prior to his appointment, he was Director of the Boston Office of Fannie Mae, where he was involved in housing and community development projects.

THE SCHOOL COMMITTEE

- ◆ approved two supplemental appropriation requests for FY97. The first, which totals \$3.5 million, would cover a projected FY97 budget shortfall due in large part to the addition of personnel not originally budgeted and unanticipated special education costs. If approved, the FY97 BPS budget would jump to \$475.3 million, an increase of 4.1% over fiscal 1996. The second, totaling \$12,139, would fund the first year of a two-year collective bargaining agreement with the BPS plant administrators union. Both requests are before the City Council for approval.



- ◆ in two separate votes, approved the purchase of 259 new school buses at a total cost of \$8.8 million and exercised its third and final year option to retain National School Bus as manager of the BPS's transportation system into the 1997-98 school year. The School Committee's efforts to increase fines it may assess for poor driver performance failed as the existing contract language was found to be too restrictive.

THE SUPERINTENDENT

- ◆ released a report prepared by Bain & Company that examined custodian performance and identified potential BPS options to improve custodial service delivery. Utilizing other large urban school district models and a survey of BPS principals, it found that a savings could be produced if the BPS contracted-out some of its custodial services. However, since the BPS custodian workforce is smaller compared to other cities sampled, any savings produced through a workforce reduction or reorganization would likely be smaller.



In FY97, 377 custodians are budgeted to clean 126 BPS facilities at an annual cost of \$13.7 million for salaries and overtime. According to BPS principals, cleanliness of school buildings varies widely, with custodian performance in most smaller, single custodian buildings described as being good to excellent, while performance in larger, multiple custodian schools reported as fair to poor. The most common principal complaints about custodian performance were frequent absenteeism, lack of commitment and limited supervisory control.

The report identified several options available to the BPS including contracting-out night shift duties, enhancing direct principal supervision via school-based budget management and development of a pilot project to measure the impact of total contracting out of service.

The Bureau has looked at this issue in the past and has recommended contracting of custodial services on a pilot basis. The Superintendent should act on the recommendations made by the Bain report. This is one report that should not sit around and collect dust.

EVER VIGILANT...

- ◆ As Police Commissioner, managing a \$166.9 million Department with 2,969 employees is difficult enough without having to be constantly vigilant about police union efforts to reduce your authority through legislation. The Boston Police Patrolman's Association recently filed a bill (S1320) that would limit the management and administrative powers of the Boston Police Commissioner. Senate 1320 would change the law so that if the Commissioner's management rights conflicted with a collective bargaining agreement, the terms of the contract would prevail. The Joint Committee on Public Service, which has conducted a hearing on the matter, is expected to dismiss the bill on grounds that it is targeted at one community, Boston. Any legislation that affects only one community must be submitted in the form of a Home Rule Petition which requires local approval by the Mayor and City Council before being submitted to the Legislature and Governor for approval.

In the interest of the City's public safety, it is essential that the BPD operates efficiently and decisively and, in our view, that requires the Police Commissioner to have inherent management and administrative powers that cannot be diminished by collective bargaining agreements.

5-98

Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

May 1998

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

BUREAU NEWS

- A panel session sponsored by the Bureau and NAIOP on June 2 explored how Boston can become a more competitive location for industrial and business operations. The importance of a balanced economic base was stressed. A Mass Insight survey of business leaders on this topic was summarized by Bill Guenther.

Panel members were David Forsberg of Massport, Tom O'Brien of the BRA, Frank McCourt of The McCourt Co. and Frank Manning of Zoom Telephonics. Boston Edison and Palmer & Dodge LLP were the corporate sponsors for this event. A copy of the Mass Insight report is available upon request.

- Mark your calendars to celebrate the Shattuck Awards and to see Boston from a whole new venue. **The Shattuck Public Service Awards will be held on Wednesday, October 7, 1998, starting at 6:00 P.M.** The event this year will have an exciting new feature and will be held at the new Federal Courthouse on Fan Pier.

LIVING WAGE REVIEW

On May 19, Mayor Menino announced his appointments to the seven-member City Assistance Advisory Committee created as part of the Living Wage ordinance. The Living Wage ordinance, signed by the Mayor on August 13, 1997, will take effect on July 1, 1998. The ordinance requires businesses and non-profit organizations that benefit economically from the City to pay their workers at least \$7.49 per hour as of July 1, 1997, and comply with a series of requirements. The Mayor has asked the Advisory Committee to review issues concerning implementation and to recommend changes in the ordinance that should be submitted to the Mayor and City Council. The City Council postponed scheduling a hearing on possible changes of the ordinance, deciding to await action by the Advisory Committee.

The Advisory Committee held its first meeting on May 21. The members agreed that more time was needed to review the ordinance and to identify issues for discussion. At the second meeting on June 8, the members sought further research and/or legal opinion on several issues. At the next meeting, scheduled for June 16, the members will discuss what changes can be achieved through the development of regulations and what amendments to the ordinance should be considered. Now is the time to raise any questions or concerns regarding the ordinance with the Advisory Committee. Contact the Research Bureau for more information.

Based on the make-up of the Advisory Committee and the discussions to date, reaching consensus on key issues will not come easily or quickly. Nevertheless, changes are needed since the ordinance as written is flawed, lacks clarity and needed definition and is unnecessarily intrusive for businesses and non-profit organizations. Some provisions may conflict with existing state and federal regulations and others appear unenforceable. Given the extent of changes needed, the complexity of the ordinance and time needed to communicate revisions to those affected, the Mayor and City Council should amend the ordinance to delay its implementation until January 1, 1999.

WHERE'S REGIONALIZATION?

With a big push from the Menino Administration and after a year's study, a Regionalism Commission issued a comprehensive report in June 1997 recommending steps for municipalities in the Greater Boston area to mutually improve service delivery and economic development planning. Now, almost a year after the report's release, public action so far has been measured and low key.

The Regionalization Commission recommended that municipalities explore a number of intermunicipal options including the consolidation of property assessment, public safety communications and group health insurance purchasing. The Commission also suggested establishment of a "council of

government" (COG) structure to implement service delivery functions. The COG would be a voluntary regional structure comprised principally of local elected officials to implement regional service delivery initiatives on a voluntary basis.

With the work of the Commission completed, the Metropolitan Area Planning Council (MAPC) will assume more of a role in facilitating intermunicipal projects. A key staff person from the Regionalization Commission has moved to MAPC to assist communities with these regional projects. Other parties are planning a forum for the fall that will focus on metropolitan cooperation.

SHARING TEACHER TRAINING

A recent example of an intermunicipal cooperative agreement involves the technology training of Boston and Watertown teachers. Boston has received a five-year \$6 million matching grant from the US Department of Education for teacher training. The grant guidelines favored intermunicipal proposals so Boston and Watertown teamed up with a plan to train their teachers in technology. Boston's matching share comes from the capital funds allocated for computer hardware for schools. The grant funds will help ensure that the teachers will be properly trained to utilize the available hardware and software in the school system. Local institutions of higher education will provide the training for both cities.

TEACHER RETIREMENT

On May 15, a re-drafted version of the so-called "Rule of 90" bill was referred to the House Ways and Means Committee. The bill (H5519) would establish a new statewide early retirement incentive for teachers with at least 25 years of service. The bill would also require teachers with less than 10 years of service to increase their annual pension contribution. Based on the City's January 1997 actuarial report, 31% of the 5,616 active teachers had less than 10 years service and 27% had over 25 years service.

The Commonwealth and individual participants would assume the added pension cost, which has not been determined. The City would be responsible for severance payments, health care coverage and the costs to hire replacement teachers. The House does not expect to consider this bill until after the fiscal 1999 budget has been finalized.

CIVIL SERVICE CHANGE

Presently before the Legislature is a Boston home rule petition (H5518) that would require the state Personnel Administrator to certify most of the City's Civil Service provisional employees to permanent Civil Service positions without any requirement for merit qualification. The Public Service Committee held a hearing on this bill on May 27. Approximately 3,100 provisional employees who worked for the City at least six months prior to January 1, 1998 would be affected by this plan. Employees are hired to Civil Service positions first on a provisional basis without any merit requirements.

In an effort to simply explain a very complex situation, the essence of the problem is that a Civil Service test that would establish a list from which the City could select a person to fill the position permanently is held very infrequently for non-public safety positions. Thus, a provisional employee could have worked in a position for 5-8 years before a list is prepared by the state's Human Resources Division. That person could be displaced by another person who ranks higher on the list. A 1996 Civil Service Reform Commission identified this situation as a serious problem statewide and the Personnel Administrator was requested to develop a pilot program to provide for permanent certification with some form of merit requirement. The Boston City Council, at its hearing on this matter, received testimony from city officials, employees and union representatives. However, the Council did not hear from the state's Personnel

Administrator or members of the Civil Service Reform Commission to provide the state perspective.

The City has a legitimate concern about provisional employees who have been trained and may be displaced. Nevertheless, the Bureau is concerned about making employees permanent without any merit qualification. This is a statewide problem that requires a statewide solution. The Commonwealth's Human Resources Division should act expeditiously on this matter or more communities will try to address this problem individually through special acts.

THE SCHOOL COMMITTEE

- held a public hearing to discuss a series of proposed changes to the student promotion policy. Generally, students would need to meet higher standards to be promoted out of elementary, middle and high school. Evaluations would be based on standardized test scores, classroom performance and attendance. The BPS estimates that thousands of students in grades 2, 3, 5, and 8 could be required to attend summer school next year if the proposals are adopted. The costs to implement remedial support programs, including mandatory summer school, have not been determined. The Committee expects to vote on the final proposal by the end of June.

Before this policy is adopted, the School Committee should identify the total cost of remedial education programs and have a more precise estimation of the number of students who will not meet the new test, attendance and classroom performance requirements. Improving classroom instruction through professional development and performance evaluation should help reduce future remediation costs.

- anticipates that the BPS will end FY98 with a small surplus despite earlier projections of a \$5.2M problem. This change is based on projected savings attributed to a mild winter and electric deregulation and the transfer of funds from grant accounts.

BPS STAFF CHANGES

Deputy Superintendent Janice Jackson will leave the BPS in August to take a teaching position at Boston College. While in Boston, she has played a key role in implementing *Focus On Children* reform initiatives.

Now half-way into his five-year appointment, the Superintendent should take this opportunity to measure the effectiveness of the current BPS organizational structure and determine what changes are warranted.

The School Committee hired Christopher Horan as its new Executive Secretary. He replaces Thomas Stanton who left to join the City's Purchasing Department. The School Committee expects Mr. Horan to work closely with it on educational policy matters.

6 98

A Monthly Review of Issues Affecting the City of Boston

Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

June 1998



24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

WASHINGTON STREET BID PROPOSED

After almost two years of planning, an Improvement Plan and a home rule petition to establish a Washington Street Business Improvement District (BID) will be submitted to the City Council in mid-July. The Washington Street BID is proposed to provide additional services beyond those now provided by the City. The BID would enhance street maintenance and improve public amenities in the district by focusing on litter removal, coordinated marketing, code enforcement, additional security and homeless assistance. If approved by the Council and Mayor after a public hearing, the BID petition would be sent to the Legislature and Governor for approval. Final member approval of the Improvement Plan would then be required. The initial BID term would be 5 years.

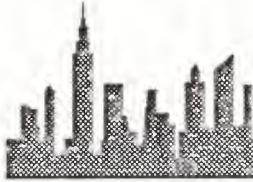
BID services would be funded primarily through special annual assessments paid by the businesses in the district in quarterly installments. The City would include a quarterly invoice with each tax bill of a business in the BID, and collect the assessment on behalf of the BID. The assessment would be based on a parcel's lot size and gross floor area of any building on the parcel. The assessment would be in addition to the property taxes paid based on a high business tax rate in FY98 of \$38.45. Properties owned by tax-exempt organizations and used for tax-exempt purposes would be excluded from assessment but would be encouraged to make special payments. Residential condos are exempt. Service costs would be about \$3.2 million based on a draft budget (1997 dollars).

LIVING WAGE UPDATE

Boston's living wage ordinance technically went into effect on July 1, but implementation of four key sections was postponed until September 7. Arguing that the ordinance is flawed, unnecessarily intrusive for businesses and non-profit organizations and potentially harmful to economic development and job creation, the Bureau called on the Mayor and Council to delay implementation of the ordinance until January 1, 1999. The delay would give more time to make necessary changes. In response, the Council, on June 24, amended the ordinance to postpone implementation of the sections concerning economic development and disclosure until September 7. A small working group is meeting to review the whole ordinance and to suggest possible changes. If no changes are enacted before September 7, the original postponed sections will go into effect. The Council also amended the ordinance to increase the hourly living wage to \$8.23 as of July 1, 1998.

Currently, the City is establishing an interim compliance plan. An affidavit will be sent to those businesses and organizations that do business with the City and have service contracts over

Washington Street is the main spine of the proposed district which is bounded by Court Street, Tremont Street to parts of the Theater District, Essex Street, Kingston Street and Devonshire Street. Chinatown and much of the Financial District are excluded. The BID would be managed by a Board of Directors, most of whom would be the owners of property within the BID. No representatives of city or government agencies would serve on the Board. The BID would begin operations following state approval and once the Improvement Plan was supported by at least 75% of the property owners voting who represent at least 51% of the taxable assessed value in the district.



This is the first attempt to create a BID in Boston. Several cities, including New York, Baltimore and Philadelphia have established one or more BIDS to enhance certain service needs.

While the BID may be worthy of support, the City Council should give careful and deliberate consideration to the proposed special act. All interested parties should have sufficient time to review the details of the plan and testify, if they wish, at one or more public hearings that are reasonably scheduled after the final plan is made available.

\$100,000 after July 1, 1998. Based on this information, the City will send an information package to those who must comply. No reporting requirements will be established until after the ordinance is revised before September 7.

FY99 BUDGET ADOPTED

On June 22, the City Council approved the Mayor's \$1.52B budget as presented. After over 60 budget hearings from April 28 to June 4, the city and school operating budgets were approved with no change in the budget accounts recommended by the Mayor. For the most part, issues raised by the Council already were covered in the budget request or were minor enough to be addressed within the proposed budget accounts.

The City's FY99 budget of \$1.52B represents an increase of \$104.3M or 6.4% over the prior year. The major priorities in FY99 focus on education, public safety and service improvements. The school budget represents an increase of \$34.5M or 6.8% over last year. The City's overall FY99 budget supports an increase of 690 employees over January 1998 levels.

CAPITAL BUDGET OK'D

In April 1998, the Mayor presented a \$1.6B five-year capital budget. For FY99, the Council received requests for 12 separate bond authorization orders totaling \$118.6M. On June 10, the Council approved 11 loan orders totaling \$116.1 million and rejected one order for \$2.5 million. That order included \$800,000 for BRA administrative expenses. Those funds were rejected to send a message that City Council input should be sought when making neighborhood development decisions. The Administration will re-submit the \$2.5 million loan request.

Apart from the 12 loan orders, the Mayor submitted a \$20M loan order for the development, purchase and operation of a new financial management and human resources/payroll information system. An initial \$9M has already been approved. Final approval is expected on July 15. In addition, the Council initiated a loan order for \$1M which the Mayor signed to acquire land for environmental preservation. Some members of the Council wish to have these funds available for the purchase of land on Hellenic Hill in Jamaica Plain if needed. Whether these bonds are issued will depend on the Mayor.

For some time, the Bureau has argued that the BRA should strengthen its planning/research capacity with support from city operating funds. That approach is far more preferable than relying on capital funds and paying for personnel costs over 20 years with interest.

BPS PROMOTION POLICY

On June 24, the School Committee approved a new promotion policy that will require all students to meet higher academic standards in order to be promoted from elementary and middle school and to graduate from high school. The new requirements include demonstrating at least partial mastery of classroom curriculum on the Stanford 9 and MCAS tests, satisfying course requirements and having fewer than 12 unexcused absences per school year.

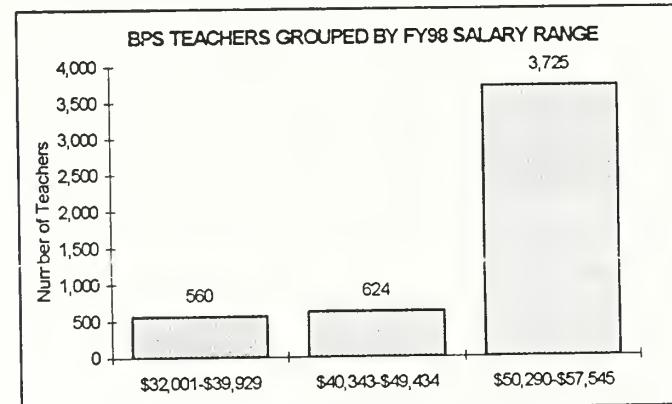


Contrary to the Superintendent's recommendation, the Committee decided not to mandate summer school next year. Instead, the School Committee directed the BPS to encourage underperforming students in grades 3, 5 and 8 to attend a six week voluntary summer school program beginning next year. Before summer school can be made mandatory, the Superintendent must provide the Committee with evidence that staff accountability, art curriculum requirements and student support service policies have been implemented. If these criteria are met, the Committee is expected to require underperforming students in grades 3, 5, and 8 to attend summer school beginning in the 2000-2001 school year.

The BPS should understand the full cost of remedial education programs and identify available resources to support their implementation before summer school is made mandatory. Professional development and performance evaluation systems should be strengthened to improve school performance and reduce the requirement for future remediation services.

TEACHER COMPENSATION

Recent debate across the state has focused on teacher compensation and the ability to recruit qualified applicants. In Boston, the starting annual salary for a first year teacher holding a bachelor's degree in FY98 was \$32,001. Overall, 30% of BPS teachers hold a Bachelor's Degree, 68% hold a Master's Degree and 2% hold a Doctorate. The costs of longevity awards are not reflected in the chart below.



STANFORD 9 RESULTS

On June 22, the Superintendent released the 1998 Stanford 9 student achievement test scores. The test results indicated that progress has been made since 1996, but that a significant number of students continued to demonstrate little or no mastery of classroom curriculum. Poor performance continued to be especially acute at the high school level. The Stanford 9 ranks student performance on a scale from 1 (little or no mastery) to 4 (superior performance) based on classroom learning expectations. A more detailed analysis of student progress since 1996 will be completed by the BPS in the fall. Key preliminary results were:

On average, high school scores have improved by 8 percentage points in math and by 2 percentage points in reading since 1996. However, about 33% of high school students continued to demonstrate little or no mastery (level 1) in reading and about 63% demonstrated the same proficiency in math.

Elementary and middle school scores have showed some improvement compared to 1996. The minimum combined percentage of students demonstrating solid or superior performance (level 3 or 4) increased from 24% to 27% in reading and from 6% to 11% in math. Nevertheless, about 20% of these students continued to demonstrate little or partial mastery in reading and about 36% continued to demonstrated the same proficiency in math.

Although black and Hispanic student performance has showed improvement, their overall performance remained below that of other student groups. This so-called "racial/ethnic achievement gap" generally widened as grade level increased. Overall, black and Hispanic students comprise 85% of BPS enrollment.

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Bureau Update

BOSTON PUBLIC LIBRARY
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BOSTON MUNICIPAL RESEARCH BUREAU

June 1998

JUL 24 1998

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

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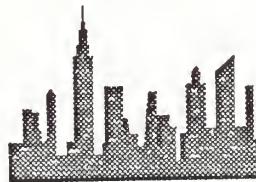
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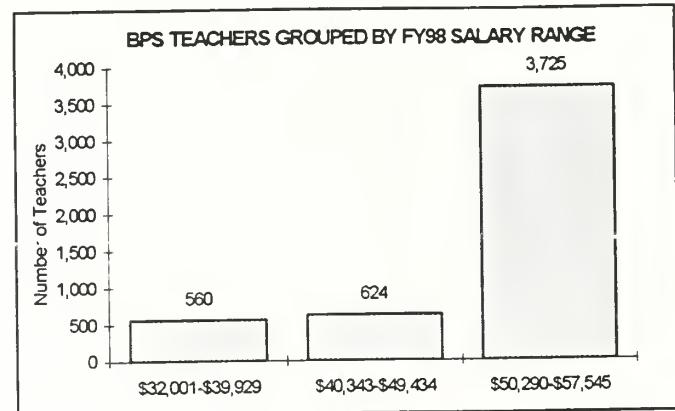


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OCT 3 1998

Kirstein Business Branch

Bureau Update

OCT 9
Kirstein Business Branch



BOSTON MUNICIPAL RESEARCH BUREAU

July/August 1998

24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

SHATTUCK PUBLIC SERVICE AWARD ANNOUNCEMENT

The Bureau is pleased to announce the nine Shattuck Public Service Award recipients for 1998 and the recipients of two new awards, the Shattuck City Champion and Shattuck Chairman's Award.

The Shattuck Awards are given each year to a few special, dedicated City of Boston employees who have committed themselves to excellence in public service. The 1998 recipients are:

Sally Beecher
Library

Mark B. Buchanan
Police

Richard H. Carlson
Assessing

Paula M. Fleming
Library

Thomas A. Gannon
Neighborhood Development

Vineet K. Gupta
Transportation

Muriel J. Leonard
School

Patricia A. Murphy
Management Information Services

Barbara J. Salfity
Neighborhood Development

Kevin C. Phelan of Meredith and Grew, Inc. and Reverend Dr. Ray A. Hammond, II of Bethel African

Methodist Episcopal Church will be honored as our first *Shattuck City Champion Award* recipients.

This year the Bureau is recognizing the achievements of Boston Police Commissioner **Paul F. Evans** who will receive the *Shattuck Chairman's Award*.

The Awards Ceremony will be held on October 7th at 6:00 PM at the new Federal Courthouse on Fan Pier. The Chair of the Awards Committee this year is Ira A. Jackson, Senior Vice President, BankBoston.

If you would like to join the Bureau in honoring the 1998 recipients, call us at 227-1900.

CIVIL SERVICE WILL COST

On August 10, Acting Governor Cellucci signed a Boston home rule petition (Chapter 282, Acts of 1998) that required the state Personnel Administrator to certify most of the City's Civil Service provisional employees as permanent. (May 1998 Update) Approximately 3,100 employees are affected by this act without any requirement for merit qualification. That change in Civil Service status became effective September 9.

The Administration testified at a May City Council hearing that this change would not cause any additional expenses. That now appears not to be accurate. Provisions in the contracts for School Department custodians and clerical employees will require salary accounts to increase by approximately \$400,000 based on a preliminary analysis. Also the change in Civil Service status affects benefits such as the amount of vacation time granted.

The Bureau had expressed concern about making provisional employees permanent without any merit qualifications. We agreed with a 1996 Civil Service Reform Commission report that the issue of provisional Civil Service employees is a serious problem which required a statewide solution. We also are concerned about policy initiatives approved by the Mayor and Council that are not analyzed fully and must be fixed later when problems are identified at the departmental level. The additional school costs should be funded by the City and not absorbed in the BPS's FY99 budget.

NEW LIVING WAGE LAW OK'D

On September 4, the Mayor signed a revised living wage ordinance that was the product of a collaborative effort by business, government, labor and community leaders to develop a more workable law that would not discourage economic growth. The new ordinance is a marked improvement over what was enacted last year and addresses many, but not all, of the concerns identified by the Bureau. (Bureau Brief No. 98-1)

Beneficiaries receiving assistance from the City of \$100,000 or more related to real estate transactions and development are no longer required to pay the living wage or comply with reporting requirements. Tenants and leaseholders have been completely excluded. The only requirement of beneficiaries is that job openings related to real estate projects receiving assistance are required to be posted with a job referral agency five days before being publicly advertised. Overall, the ordinance is more clearly written and organized, more precise in definitions, more narrow in scope of coverage and centralizes the City's enforcement structure.

Full coverage of the ordinance applies to vendors which have contracts with the City of \$100,000 or more or subcontractors with contracts of \$25,000 or more. This ordinance places an added burden on doing business with the City of Boston. Vendors are required to maintain detailed payroll records for employees working on the contracts and submit quarterly reports to the City. City officials may observe work site operations and examine payroll records at any time.

The Bureau was an active participant in the working group that met over the summer to produce this new law. This ordinance is probably the best compromise that was possible given the parties involved and the politics of the issue. Even so, we have not come to love the living wage. The ordinance still comes at a real cost to the City with benefits for only a few.

SCHOOL NEWS

- On July 21, the Superintendent announced a new restructuring of his top central administrative team and appointed:



- ✓ Michael Contompasis as Chief Operating Officer
- ✓ Timothy Knowles as Deputy Superintendent for Teaching and Learning
- ✓ Bak Fun Wong as Deputy Superintendent for Clusters and School Leaders
- ✓ Amalia Cudeiro-Nelson as Assistant Deputy Superintendent for Clusters and School Leaders

This new structure represents an effort by the Superintendent to tighten up management of the School Department. The administrative functions of the BPS will be consolidated under the COO. Initially, the COO will focus on restructuring the Office of Human Resources. The Deputy for Clusters and School Leaders will deal with school issues and the evaluation of principals and headmasters. The Deputy for Teaching and Learning will be responsible for curriculum, professional development and evaluation.

- School Committee member Dr. Edwin Melendez stepped down from the Committee on August 31. Dr. Melendez, who relocated out of state, had served since January 1995. The School Committee Nominating Panel will submit a list of names to the Mayor for his consideration. In addition to filling this vacancy, the Mayor will make two other School Committee appointments as the terms of two incumbents will expire in January 1999. The Bureau will announce more details about the application process for all three positions in next month's *Update*.

BOSTON SCHOOL COMMITTEE

Member	Term Expires January,
Elizabeth Reilinger	2002
Robert Gittens	2002
Susan Naimark	2001
Felix Arroyo	2000
Edwin Melendez	2000
Alfreda Harris	1999
William Spring	1999

- On August 19, the School Committee established two new task forces to examine human resource management and the implementation of the new student promotion policy. Both are expected to report their findings this winter.

TEACHER DISMISSALS

In July, the Superintendent recommended that 9 permanent teachers and 1 administrator be dismissed for performance reasons effective this year. At this time, the BPS has reached a settlement with 7 of these individuals, while the remaining 3 cases are unresolved.

From 1996 through 1997, no permanent BPS teachers were dismissed and only 17 provisional teachers were let go for performance reasons. A Teaching Standards Task Force established last year and charged to examine the criteria used to evaluate teachers has not yet reported its findings to the School Committee.

BID UPDATE

A home rule petition to establish a Business Improvement District (BID) in the Washington Street retail district has not been submitted to the City Council as was anticipated in the June 1998 *Update*. Still being discussed is to what extent the City should utilize its public authority on behalf of the non-profit BID.

An initial draft of a special act authorized the City to send out and collect the BID's special assessments with the quarterly tax bills and use its lien authority to enforce collection. The process by which the property owners in the district would approve the BID plan is also an issue. The draft requires support by at least 75% of the taxable owners who vote and represent at least 51% of the taxable value in the district. This is the first attempt to create a BID in Boston. A BID was approved in Springfield in May. Stay tuned.

BOSTON'S NEW BOND RATING

Boston received a bond rating of AA- from Fitch IBCA on August 28 for its outstanding general obligation bonds. This is the first time that Boston's bonds have been rated by Fitch IBCA, one of three major municipal credit rating agencies. The AA- rating compares with the A rating given by Moody's and Standard & Poor's. Fitch IBCA noted the growth in Boston's economic base, particularly medical and business services and growth in the City's property values. Debt burden was felt to be manageable at 2.5% of taxable property value. Financial operations were seen as sound, benefiting from the strong economy. Concerns were expressed that operations were constrained by Proposition 2½ but it was noted that Boston's debt service costs are not subject to levy limitations.

A full report by Fitch IBCA will be issued when the City sells its next bond issue which is expected in October. Later this year, the City will sell Bond Anticipation Notes to finance initial land acquisition costs for the convention center.

Before any new debt is issued, the Administration should submit an order to the City Council to rescind some authorized but unissued debt which totaled \$452.8M as of June 30, 1997.

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CONVENTION CENTER MARKETABILITY STUDY – *What will it say?*

Before the new convention center project can proceed, legislation requires that a marketability study be prepared by the BRA and MCCA before December 31, 1998. The study must project to a reasonable satisfaction that certain conditions will be met by 2003, the projected start of full operations of the new convention center. The marketability study may be formally presented to the Secretary of A&F and Boston CFO by early November. According to all indicators, the report will conclude that the hotel and other triggers will be met and exceeded. The conditions or triggers include the following:

- Hotel Rooms** - that at least 2,800 hotel rooms in Boston and Cambridge since July 1, 1997 be in service or scheduled to be placed in service before December 31, 2000. Also, 4,800 rooms must be in service prior to the start of operations.
- Special Receipts** - that special receipts in the Convention Center Fund are projected to be at least 125% of the Commonwealth's first year's debt service after the start of operations.
- Capital Reserves** - that the balance in the Capital Reserve Fund will not be less than the maximum annual debt service required after the start of operations.
- Operating Loss** - that the MCCA's projected operating budget for its Boston facilities must show its net loss will not exceed \$14M before applying Tourism Fund proceeds.

ENVIRONMENTAL IMPACT REPORT

A separate but equally important condition that must be met before the project can proceed is the BRA's completion of an environmental impact report (EIR). The Secretary of Environmental Affairs must be satisfied that the project can be carried out with appropriate mitigation measures to minimize and prevent damage to the environment. This report will address preparation, construction, operation and transportation issues related to the project. The EIR was submitted to the MCCA for review on October 14.

CONVENTION CENTER FACTS

- Since July 1, 1997, over 1,000 hotel rooms completed
- over 2,300 hotel rooms currently under construction
- about 200 new hotel rooms have been approved
- over 2,000 hotel rooms now in the approval process
- 75 new taxi medallions expected to be sold in November or December. Boston is authorized to sell 260 taxi medallions over the next few years to help support its convention debt costs.

While the hotel threshold will be met, important for the convention center's success is that 2-3 large hotels be built in the immediate area of the site.

ACCREDITATION NEWS

For the first time in three years, all BPS seniors will graduate from an accredited high school in June, 1999. Making this possible is the fact that Burke High School regained its accreditation in September. Over the past three years, the City has directed approximately \$5M more to the Burke to hire extra staff and to complete major capital improvements.

FYI: even though all 15 BPS high schools are now accredited, 5 continue to face accreditation-related problems.

SCHOOL COMMITTEE OPENINGS

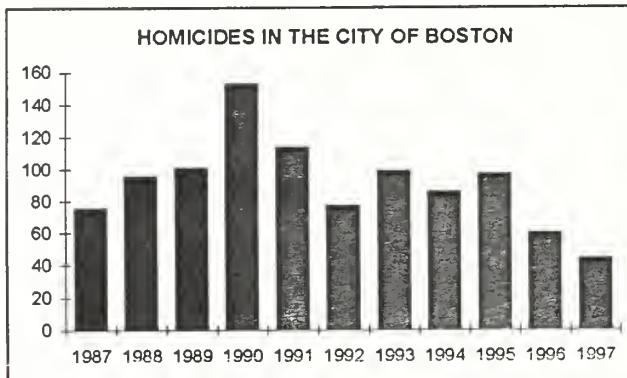
Three positions are opening up on the School Committee due to the departure of Dr. Melendez and the expiring terms of Alfreda Harris and William Spring. The School Committee Nominating Panel has sprung into action and is accepting applications. Deadline for applying is November 18 at 12 noon. The Panel must submit 3 to 5 names for each position to the Mayor by December 7, 1998. Those selected will take office on January 4, 1999. Two will serve four year terms and one will complete the last year of Dr. Melendez's term.

TO GET AN APPLICATION

- call 635-4165
- the City's web site at www.ci.boston.ma.us
- from the Mayor's office 5th floor of City Hall

SNAPSHOT ON HOMICIDE RATE

The annual homicide rate in Boston fell to a 37-year low in 1997 with only 43 deaths. This trend has continued in 1998, as only 22 homicides have been reported through August. In the prior two years through August, 34 and 38 homicides were reported.



WELFARE BENEFITS TO RUN OUT

Beginning on December 1, as many as 7,148 families statewide could exhaust their cash assistance benefits and be required to obtain employment based on state figures through September 1998. In Boston, about 1,549 families or 22% of the state's caseload could lose their benefits on December 1, with additional cases set to lapse each month thereafter. Overall, about \$20M in state and federal grants will be spent in FY99 to support education and job training programs for Boston's welfare recipients, dislocated workers, and physically and economically disabled youths and adults.

What impact this situation will have on Boston's finances is not known. Also, unclear is how much of the burden will be a local responsibility and whether job training programs will be adequate. Good cooperation between state and city officials is necessary to address this issue successfully.

REGISTRY OF DEEDS TRANSFER

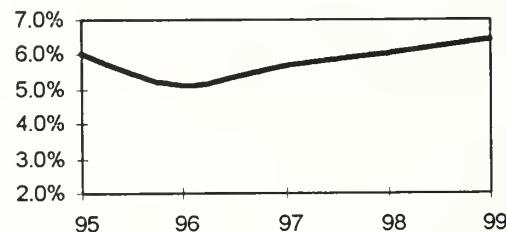
Beginning in FY00, the Secretary of State will assume full responsibility for the operation of the Suffolk County Registry of Deeds. Despite earlier reports indicating otherwise, this transition will not have a dramatic impact on Boston's general fund revenue stream. In FY99, the City expects the Registry of Deeds to collect \$2.3M in general fund revenues, based on projected general fund expenditures of \$2.5M.

This change was included in an inconspicuous provision of an act to abolish Hampshire, Essex and Berkshire Counties. (Ch 300, Acts of 1998) Registry of Deeds employees, which at this time total 42, will be transferred to the Secretary of State's payroll effective July 1, 1999.

BOND SALE SHARPLY INCREASES

On October 20, the City will sell \$120M of general obligation bonds to finance its capital program. The sale of \$120M represents the largest GO issue sold by Boston and exceeds the \$105M sold last year by 14%. Approximately one-half of the issue is for school purposes with approximately \$27M for major new projects like the three early education centers and the rehabilitation of Hyde Park and East Boston High Schools, 90% of which will be reimbursed by the Commonwealth over 20 years. With this jump, the standard of keeping debt service costs within 7% of general fund operating expenditures may get more difficult to maintain. The City's obligation for the acquisition and preparation of the convention center site, estimated at \$157.8 million, will be financed through separate bond issues starting with a bond anticipation note sale in January 1999.

DEBT SERVICE AS % OF GENERAL FUND EXPENDITURES



CITY RATES AN INCREASE

Moody's Investors Service has increased Boston bond rating to Aa3. That represents the highest rating Boston has received from Moody's which had rated Boston's bonds at A1 since 1996. Recently, Fitch IBCA gave Boston a AA- rating. (July/August Update) Standard & Poor's has maintained its A+ rating. With this increase, Boston joins a select group of comparable cities with ratings in the double A range.

Moody's increased its rating because of:

- the current health of the economy:
 - a) City's tax base grew by 5% annually from FY94 - FY97 and by 9% in FY98
 - b) Boston office space vacancy rates at 4.4%
- the City's effective financial management
- the City's moderate debt position and capital plan.

Moody's expects the City's effective fiscal control to continue while maintaining satisfactory reserves. The City's debt requirements are structured to decline steadily allowing room for future borrowing.

BPS ENDS FY98 WITH SURPLUS

The School Department announced that it ended the year with a surplus of \$43,096 based on a final FY98 budget of \$507.2M. During the year, the financial picture was not always this rosy. As recently as May 1998, the BPS projected a deficit of \$5.2M. The current budget is \$542M which does not include sufficient funds for the transportation contract or for bus driver salary raises.

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LINKAGE REPORT RELEASED

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Linkage requires that developers of projects 100,000 square feet or more pay the City \$5.00 per square foot for housing and \$1.00 per square foot for job training. Since its inception in the early 80s, linkage has generated approximately \$47.5M for housing and \$4.5M for job training. This revenue has contributed to the creation of approximately 4,828 units of housing and the support of 59 job training programs.

The report also points out that linkage legislation and the City's zoning code mandate that linkage funds be received by the Neighborhood Housing Trust or the Neighborhood Jobs Trust and be allocated by these two entities. Linkage is expected to generate over \$120M over the next 30 years. The report recommends that one department be held responsible for overall management of the program, a policy manual be prepared and a comprehensive housing assessment and policy be developed.

For the full report, call the Bureau at 227-1900.

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BOSTON REVENUES - The convention center legislation required the City to set up a separate Boston Room Occupancy Excise Fund to receive revenues that are dedicated to financing Boston's share of this project. The 4% room excise from all new hotels that have opened since July 1, 1997, will be deposited in this fund. From January - August 1998, this fund has collected a total of \$524,105 from the four new hotels that have opened: the Harborside Inn, Custom House, Club Quarters Hotel and the Seaport Hotel.

The status of the other revenues that eventually will be deposited into this fund are:

- ❑ *Taxi Medallions* - the City is finalizing the procedures for the sale which will then need to be OK'd by the Police Commissioner. The first 75 medallions will be auctioned off in mid-January 1999. A total of 260 medallions will be sold over the next few years.
- ❑ *Vehicle Rental Surcharge* - from July through October, the Commonwealth collected but has not yet distributed \$733,162

EVALUATING PILOT SCHOOLS?

Three years after the first pilot school opened in Boston, the School Committee finally has approved a process to evaluate these schools. The process includes:

- ❑ The 10 operating pilots will be re-evaluated every four years by a group selected by the Superintendent and BTU.
- ❑ Monitor schools annually and evaluate every 4 years.
- ❑ Each school must perform a self-study that examines issues related to school vision, curriculum, professional development, budget/governance and parent outreach.

Pilot schools are part of the public school system but are supposed to operate independently of union and School Committee regulations. The expectation has been that in this less restrictive environment the pilot schools would be able to develop innovative educational programs that can be replicated in other schools. Since FY96, about \$20M from the general fund has supported pilot schools.

What is lacking from the evaluation process is an assessment of what innovative programs have been developed that can be replicated in other BPS schools. The BPS must first define innovation and replicability before evaluations take place or new pilots are approved. The impact of each pilot school's ability to select its own staff should be a key part of this assessment. Lessons learned from these evaluations should be communicated to other staff and should help guide the next round of contract negotiations.

which is the City's share of the surcharge (\$1.00 of each \$10.00 surcharge).

- ❑ From the Commonwealth's Convention Center Fund, the City will receive up to 40% of the new 2.75% excise from Boston hotels through June 30, 2002. These receipts will make up the difference between Boston's 4% excise from new hotels and the annual debt service costs for the bond anticipation notes the City will issue over the next two years. After June 30, 2002, the City will issue bonds for the total cost which will be funded by its dedicated revenues.

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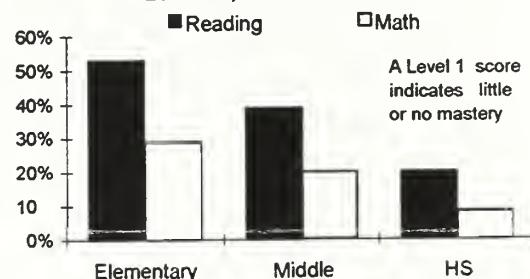
- About 33% of those students who scored in level 1 (little or no mastery of grade-level curriculum) last year improved their score in reading and about 20% improved their score in math.
- Elementary and middle school students are improving faster than high school students.

- A significant gap exists between the performance of white students compared to their black, Asian and Hispanic peers in most grades in reading and math.
- Generally, students performed better on the open-ended tests than on the multiple choice test.

For the first time, Stanford 9 test scores were reported by classroom. This should enable the BPS to tailor professional development programs to each teacher's strengths and weaknesses. The chart to the right shows the percentage of students who have moved out of the lowest performance level from 1997 compared to 1998. For example, about 50% of elementary students who scored in level 1 in reading last year moved to a higher level this year.

The Superintendent has set the ambitious goal of 99% of students enrolled in the BPS for two consecutive years testing out of level 1 by 2003. This goal is part of the Superintendent's objectives by which he will be measured by the School Committee.

% OF STUDENTS WHO MOVED OUT OF LEVEL 1, SPRING 1997-1998



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A Monthly Review of Issues Affecting the City of Boston

10-98

Bureau Update

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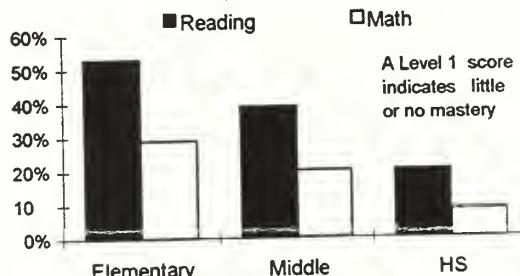
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BOSTON MUNICIPAL RESEARCH BUREAU

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MAYOR TO SPEAK AT ANNUAL MEETING

Mayor Thomas M. Menino will be the keynote speaker at the Bureau's Annual Meeting to be held on **Wednesday February 3, 1999**, at 12 Noon at the Seaport Hotel. At this lunch, the Mayor will make his annual address to the business community on issues of financial and economic development.

The Bureau is pleased that **KPMG** and **Mellon Trust** will be the corporate sponsors of this year's Annual Meeting.

The luncheon is \$500 per table sponsor or \$50 per person. For more information, please contact the Bureau at 227-1900. We hope to see you there.



HAPPY 1999

The Bureau staff would like to extend every good wish for a prosperous New Year to all.

TAXI MEDALLION AUCTION

On January 15, the City will auction the first 75 of 260 new taxi medallions that will be sold over the next few years to support the City's costs to acquire and prepare the land to build the new convention center. The starting bid for 73 regular medallions will be \$95,000 and \$40,000 for two wheel-chair accessible medallions.

The City has made a concerted effort to attract as many individual Boston residents and small Boston-based companies to bid on the medallions as possible. For example, the City has:



- recruited local banks to assist prospective bidders to secure financing.
- provided technical assistance in completing the application process and receiving financing.
- indicated it will award only 1 medallion per bidder.

FY99 VALUES UP, TAX RATES DOWN

For the fifth consecutive year, Boston's tax base has increased in value causing tax rates to decline. Boston's FY99 business tax rate was set at \$37.04 per thousand of assessed value and the residential rate at \$13.44.

Boston's total taxable assessed value of \$36.1B represents an increase of 6.8% and brings the City's taxable value to its highest point since FY92. The City's overall effective tax rate is 2.27%, down from 2.32%. The City's levy may not exceed 2.5% of total assessed value.

The average tax bill for an owner occupied home is \$1,763, an increase of \$74 or 4% over last year. Since the City adopted the full 20% residential exemption for FY99, qualified home owners received an average tax bill reduction of \$474. The property tax levy accounts for 51% of the City's operating revenue. Overall, property taxes and state aid represent 83% of the City's general fund revenues.

CITY OF BOSTON PROPERTY VALUATION, TAX LEVY AND RATES (OO's)

	1998	1999	Change	% Change
Residential	\$19,549,895	\$20,587,298	\$1,037,403	5.3%
Commercial	11,261,165	12,456,986	1,195,821	10.6%
Industrial	727,628	707,387	(20,241)	(2.8%)
Personal	2,224,214	2,298,778	74,564	3.4%
Tax Levy	\$781,625	\$819,300	\$37,675	4.8%
Tax Rate				
Residential	\$13.47	\$13.44	(\$0.03)	(0.2%)
CIP	38.45	37.04	(1.41)	(3.7%)

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Also, the Mayor re-appointed William Spring and Alfreda Harris to serve on the School Committee through January 2003 and selected Marchella Raynor to complete a vacated term through January 2000. Ms. Raynor will have an opportunity to re-apply next fall for a full four-year term. She is a Social Services Mental Health Supervisor at the Gertrude E. Townsend Head Start and former Director of the BPS Parent Information Center.

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The next step is the negotiation of a "cooperation agreement" between the City and the BID Committee. This agreement would establish the service relationship between the BID and the City and stipulate the baseline of city services the City would provide the BID district. (See Bureau Brief 98-2).

This agreement is the critical element of the BID and practically should be agreed upon before the Legislature holds a hearing on this home-rule petition. How city service delivery will be evaluated should be included in the agreement. The agreement should be flexible in how services may be delivered and offer the potential for new approaches to service delivery.

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- Improve professional development programs.
- Clarify promotion requirements for bilingual and special education students.

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Many of the items on the checklist are too broad and will need to be clarified by the School Committee. Also, the full cost of remedial education programs envisioned to take place after school and during the summer should be determined before implemented. Far too often, new programs are created without identifying



costs or exploring why existing programs are not working.

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CITY ENDS FY98 IN THE BLACK



The City of Boston ended FY98 with a \$7.4 million surplus. This surplus, based on an approved budget of \$1.432 billion, represents the 13th consecutive operating surplus in Boston.

The City collected revenues of \$1.446 billion or \$14.3 million over final budget estimates. Expenditures totaled \$1.439 billion or \$6.9 million over budget. Revenues in excess of estimates came primarily from building permits, investment income, motor vehicle excise and parking fines. Spending in the Police and Fire Departments exceeded budget by slightly over \$3.0 million each. As reported in an earlier *Update*, the BPS ended the year with a surplus of \$43,096.

The overall surplus of \$7.4 million will be applied to the City's fund balance. Rewarding departments for incurring surpluses through improved efficiency by carrying forward a portion of the surplus for the next year is not possible under existing laws. Will this surplus help the City to finally generate a *free cash* surplus? Stay tuned.

SCHOOL FACILITIES PLAN

The BPS expects to release another working draft of the long-awaited facilities master plan in January. Efforts to draft and fund a comprehensive facilities plan that addresses the need to construct new schools, rehabilitate existing buildings and close others have been ongoing since 1992.

For the most part, affordability and issues related to student assignment and educational program requirements have delayed the development and implementation of a final plan.

Meanwhile, the City has responded to some specific needs, including the construction of three new early learning centers and the financing of several accreditation and technology-related projects. The largest of these projects include reconstruction of East Boston and Hyde Park high schools and the expansion of the Boston Latin School library.

The City should approve a 5 to 10 year strategic school facilities plan soon. The previous plan lapsed in 1996. In order for the new plan to work, it must be connected to an affordable financing package that has the full support of City Hall and is built into the City's capital plan.

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November/December 1998

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FY99 VALUES UP, TAX RATES DOWN

For the fifth consecutive year, Boston's tax base has increased in value causing tax rates to decline. Boston's FY99 business tax rate was set at \$37.04 per thousand of assessed value and the residential rate at \$13.44.

Boston's total taxable assessed value of \$36.1B represents an increase of 6.8% and brings the City's taxable value to its highest point since FY92. The City's overall effective tax rate is 2.27%, down from 2.32%. The City's levy may not exceed 2.5% of total assessed value.

The average tax bill for an owner occupied home is \$1,763, an increase of \$74 or 4% over last year. Since the City adopted the full 20% residential exemption for FY99, qualified home owners received an average tax bill reduction of \$474. The property tax levy accounts for 51% of the City's operating revenue. Overall, property taxes and state aid represent 83% of the City's general fund revenues.

**CITY OF BOSTON
PROPERTY VALUATION, TAX LEVY AND RATES
(000's)**

	1998	1999	Change	% Change
Residential	\$19,549,895	\$20,587,298	\$1,037,403	5.3%
Commercial	11,261,165	12,456,986	1,195,821	10.6%
Industrial	727,628	707,387	(20,241)	(2.8%)
Personal	2,224,214	2,298,778	74,564	3.4%
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HAPPY 1999

The Bureau staff would like to extend every good wish for a prosperous New Year to all.

TAXI MEDALLION AUCTION

On January 15, the City will auction the first 75 of 260 new taxi medallions that will be sold over the next few years to support the City's costs to acquire and prepare the land to build the new convention center. The starting bid for 73 regular medallions will be \$95,000 and \$40,000 for two wheel-chair accessible medallions.

The City has made a concerted effort to attract as many individual Boston residents and small Boston-based companies to bid on the medallions as possible. For example, the City has:



- recruited local banks to assist prospective bidders to secure financing.
- provided technical assistance in completing the application process and receiving financing.
- indicated it will award only 1 medallion per bidder.

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January, 1999

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24 Province Street Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

★ BUREAU 67TH ANNUAL MEETING ★

"The Bureau is a voice of reason in critical debates and a partner in important victories..." With that introduction, the Mayor began his annual address to the Board & Members of the Bureau at its 67th Annual Meeting on February 3. This successful meeting attracted 500 from the business and civic community to hear the Mayor's State of the City Address on issues of economic development and finance. Highlights of the Mayor's speech include:

- A push for quicker development of the Boston State Hospital site for housing and a school.
- A call for the State to "fix" state aid funding formulas.
- A challenge to business leaders to become more involved in civic affairs.
- A pledge that the City will undertake a comprehensive transportation plan to address issues such as the Back Bay ramps.
- A commitment to establish a Board of Economic Advisors to keep a broader outlook on the City with the goal of establishing overall policies to attract jobs and housing and improve the overall economic landscape of the City.

The Mayor also took this opportunity to highlight the past accomplishments from the approval of the convention center to the revitalization of Dudley Square in Roxbury.

STATE AID TO CITIES & TOWNS

Governor Cellucci's FY2000 budget recommends that Cherry Sheet Aid to cities and towns increase by \$238M or 6% for a total of \$4.5B. As the State enters the last year of education reform, Chapter 70 school aid is recommended to increase by \$155M, to \$2.7B. Chapter 70 was originally expected to increase by \$245M. State officials determined that only \$128M was needed to bring all districts up to foundation budget and added another \$27M to raise the per student minimum aid, among other items, for a total increase of \$155M. The budget requires that 90% of Chapter 70 funds must be spent in the classroom. Also, \$42.6M will be distributed via Chapter 70 for professional development. In addition to Cherry Sheet aid, \$90.5M (= \$245M-\$155M) will be distributed in grant form to municipalities for the following purposes:

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- \$12M for after school programs.
- \$4M in one-time start-up grants for leadership academies.
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Lottery aid is recommended to increase by \$9.7M or 1.5% to \$670M (includes supplemental in FY99). FY2000 is the fifth and final year for the lottery cap phase out. For Boston, the Governor's budget means an increase of \$1.8M or 1% in Chapter 70 funds for a total of \$180M, of which an estimated \$18.9M will be earmarked for Charter Schools. Lottery funds for Boston are recommended to increase by \$353,409, or 0.6% for a total of \$55.96M. Not included in this projection is a supplemental lottery amount for FY2000 that is expected to materialize in September. Not clear is how the additional \$90.5M will impact all cities and towns. Additional Assistance is proposed to remain level for Boston at \$206.6M. The Governor's budget is only the beginning of the budget process. These amounts are expected to change as the House and Senate introduce their own respective budgets for FY2000.

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SEAPORT GUIDELINES

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Going once! Twice! Sold - 75 new taxi medallions at the City's first taxi medallion auction. This auction raised \$10.6M to support the City's share of acquisition and preparation of the convention center site. The revenue generated was greater than originally anticipated.

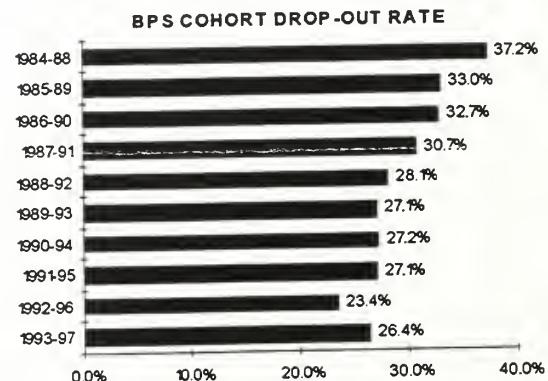
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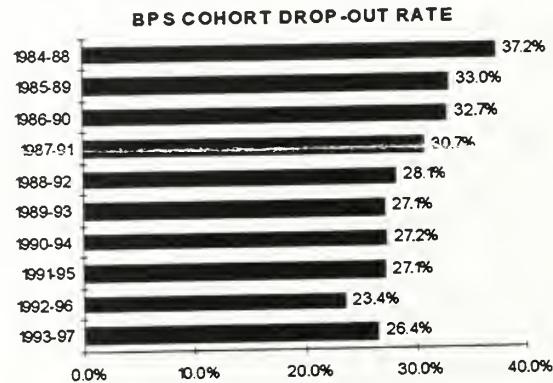
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Bureau Update

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February/March 1999

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BUREAU NEWS

CHANGE YOUR RECORDS

The Research Bureau has not moved but our address has been changed by the Post Office to a different street entrance. Our new address is:

**333 Washington Street,
Suite 854
Boston, MA 02108**

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Feb - March 99

A Monthly Review of Issues Affecting the City of Boston

Bureau Update

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February/March 1999

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Bureau Update

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June 1999

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BFD maintains a HQ building, 34 fire stations, a vehicle repair facility, a communications building and about 200 vehicles. A 1995 external audit found BFD facilities were well located, but concluded that savings could be produced through staff realignment. Many audit recommendations have not yet been fully implemented. In January, the Mayor appointed a new Commission, chaired by Kathleen O'Toole, to study BFD hiring and management practices. A report is expected to be presented to the Mayor in the fall.

Bureau Update

June 1999



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BFD maintains a HQ building, 34 fire stations, a vehicle repair facility, a communications building and about 200 vehicles. A 1995 external audit found BFD facilities were well located, but concluded that savings could be produced through staff re-alignment. Many audit recommendations have not yet been fully implemented. In January, the Mayor appointed a new Commission, chaired by Kathleen O'Toole, to study BFD hiring and management practices. A report is expected to be presented to the Mayor in the fall.

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Bureau Update

BOSTON MUNICIPAL RESEARCH BUREAU
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BOSTON MUNICIPAL RESEARCH BUREAU

July/August 1999

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

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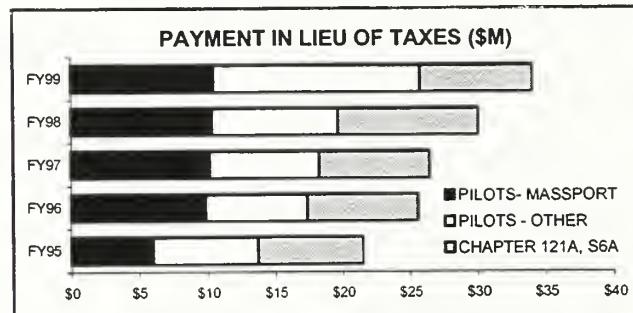
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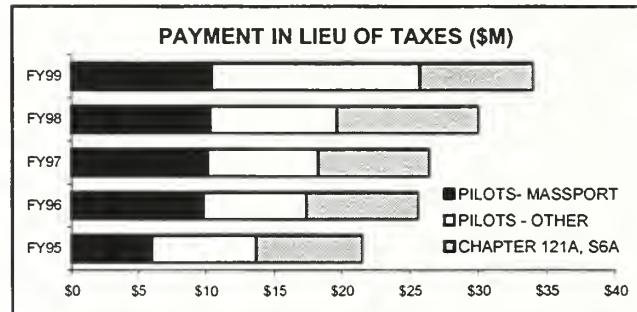
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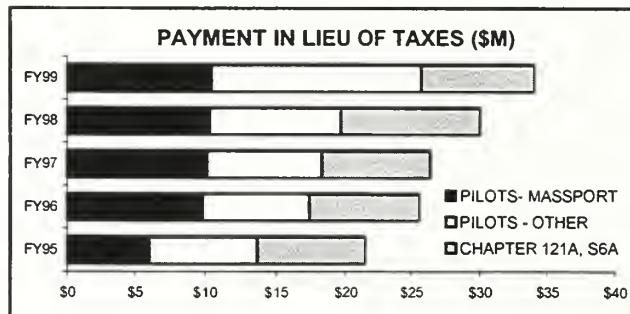
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Bureau Update



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September 1999

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BUREAU NEWS

ANNUAL MEETING DATE

Please hold the date for the Bureau's Annual Meeting on **February 10, 2000** at 12 Noon at the Boston Copley Place Marriott. Mayor Menino will present his State of the City address on finance and economic development issues.

WATER TRANSPORTATION FORUM

On **November 9**, the Bureau in collaboration with the Mass Chapter of the American Planning Assoc. and the Seaport Transportation Management Assoc. will sponsor a forum on the importance of water transportation to Boston and its economy. "**Boston's Role as the Water Transportation Hub: Present & Future**" will be held at the World Trade Center Boston.

A plenary session providing an overview of the status and future prospects for water transportation will run from 8-10A.M. For those interested in more activities, 2 hands-on workshops and lunch will be provided on a cruise of Boston Harbor from 10:30 to 12:30P.M. To register (\$30) or receive more information, contact the Bureau at 227-1900.

We would like to thank our corporate sponsors:

Boston Harbor Cruises

New England Aquarium

World Trade Center Boston

CAPITAL CONCERNS

The City needs to reassess how it prioritizes its capital projects. That means taking a hard look at whether politically popular projects for community centers, neighborhood libraries, police stations, new schools and the aggressive goal for classroom technology can all be done while still meeting basic capital maintenance needs such as roof repairs.

The Mayor's request to the City Council on October 20 to approve a loan order for \$16M for needed BPS facility maintenance and new school site and design costs seems reasonable, but does raise some serious concerns about the capital budget.

The Bureau's analysis of the capital budget in June noted that the City planned to cap spending for capital purposes at \$120M from city funds. Despite this cap, the budgeted capital spending plan by department in FY00 totals \$157.0M of which \$73.3M or 47% is for school purposes. A natural delay in the timing of the capital work from the original cash flow schedules should assist the City in managing the \$120M cap. However, the addition of \$16M in October may require the City to push back and delay work on other projects to



ensure capital spending for the year doesn't exceed the cap.

BPS capital spending falls into three categories: new schools, classroom technology and facility maintenance. Aggregate spending in the three areas is required to stay within \$73.3M this year. Now, over \$6M above that number is being requested to fix roofs with serious leaks in five schools and the central kitchen.

That raises the question of why these projects were not included in the \$73.3M for school capital spending planned for this year?

Surely, this work is more important than schoolyard improvements or even computer technology for the classrooms that are in this year's budget.

About \$4M is being requested for emergency repairs to 20 schools. How serious is the emergency in relation to other requests? The spending cap gives necessary discipline to the capital process. A hard look at how priorities are set is required before the next capital budget is approved.



MORE BOSTON TAXIS

With nearly 40% of 260 new taxi medallions still to be sold, the City has already met its \$23M revenue estimate to help support its share of convention center costs. On September 17, the City auctioned 75 new taxi medallions for \$12.4M. Combined with the first auction in February, a total of 151 new medallions have been sold for \$23M.

Proceeds from the 109 remaining medallions will enable the City to reduce the long-term debt it will issue for the convention center in 2003.

Expectations that the market value of new medallions would fall as supply increased have not yet materialized. While the City received 73 fewer

bids at the second auction, the average sale price increased by \$21,993 or 15% to \$164,993. The highest bid was \$171,100 compared to \$152,500 at the first auction.

The City has not decided how or when it will sell its remaining medallions. Being considered is a plan to group several medallions together if the buyer agrees to service particular Boston neighborhoods.

The City has attracted first-time buyers by working with area banks to provide technical assistance and financing. First-time buyers have bought 70% of the medallions.

CONTRACT CLEANING FOR NEW SCHOOLS

For each of the 5 new public schools planned to be built in Boston, the Superintendent should put the cleaning of the schools out to competitive bid.

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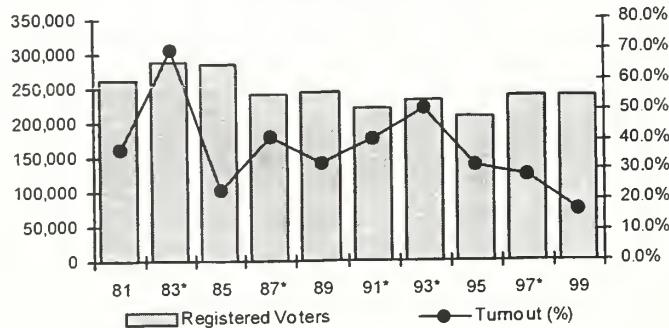
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BOSTON MUNICIPAL RESEARCH BUREAU

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383 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

September 1999

BUREAU NEWS

ANNUAL MEETING DATE

Please hold the date for the Bureau's Annual Meeting on **February 10, 2000** at 12 Noon at the Boston Copley Place Marriott. Mayor Menino will present his State of the City address on finance and economic development issues.

WATER TRANSPORTATION FORUM

On **November 9**, the Bureau in collaboration with the Mass Chapter of the American Planning Assoc. and the Seaport Transportation Management Assoc. will sponsor a forum on the importance of water transportation to Boston and its economy. "**Boston's Role as the Water Transportation Hub: Present & Future**" will be held at the World Trade Center Boston.

A plenary session providing an overview of the status and future prospects for water transportation will run from 8-10A.M. For those interested in more activities, 2 hands-on workshops and lunch will be provided on a cruise of Boston Harbor from 10:30 to 12:30P.M. To register (\$30) or receive more information, contact the Bureau at 227-1900.

We would like to thank our corporate sponsors:

Boston Harbor Cruises
New England Aquarium
World Trade Center Boston

CAPITAL CONCERNS

The City needs to reassess how it prioritizes its capital projects. That means taking a hard look at whether politically popular projects for community centers, neighborhood libraries, police stations, new schools and the aggressive goal for classroom technology can all be done while still meeting basic capital maintenance needs such as roof repairs.

The Mayor's request to the City Council on October 20 to approve a loan order for \$16M for needed BPS facility maintenance and new school site and design costs seems reasonable, but does raise some serious concerns about the capital budget.

The Bureau's analysis of the capital budget in June noted that the City planned to cap spending for capital purposes at \$120M from city funds. Despite this cap, the budgeted capital spending plan by department in FY00 totals \$157.0M of which \$73.3M or 47% is for school purposes. A natural delay in the timing of the capital work from the original cash flow schedules should assist the City in managing the \$120M cap. However, the addition of \$16M in October may require the City to push back and delay work on other projects to



ensure capital spending for the year doesn't exceed the cap.

BPS capital spending falls into three categories: new schools, classroom technology and facility maintenance. Aggregate spending in the three areas is required to stay within \$73.3M this year. Now, over \$6M above that number is being requested to fix roofs with serious leaks in five schools and the central kitchen.

That raises the question of why these projects were not included in the \$73.3M for school capital spending planned for this year?

Surely, this work is more important than schoolyard improvements or even computer technology for the classrooms that are in this year's budget.

About \$4M is being requested for emergency repairs to 20 schools. How serious is the emergency in relation to other requests? The spending cap gives necessary discipline to the capital process. A hard look at how priorities are set is required before the next capital budget is approved.



MORE BOSTON TAXIS

With nearly 40% of 260 new taxi medallions still to be sold, the City has already met its \$23M revenue estimate to help support its share of convention center costs. On September 17, the City auctioned 75 new taxi medallions for \$12.4M. Combined with the first auction in February, a total of 151 new medallions have been sold for \$23M.

Proceeds from the 109 remaining medallions will enable the City to reduce the long-term debt it will issue for the convention center in 2003.

Expectations that the market value of new medallions would fall as supply increased have not yet materialized. While the City received 73 fewer

bids at the second auction, the average sale price increased by \$21,993 or 15% to \$164,993. The highest bid was \$171,100 compared to \$152,500 at the first auction.

The City has not decided how or when it will sell its remaining medallions. Being considered is a plan to group several medallions together if the buyer agrees to service particular Boston neighborhoods.

The City has attracted first-time buyers by working with area banks to provide technical assistance and financing. First-time buyers have bought 70% of the medallions.

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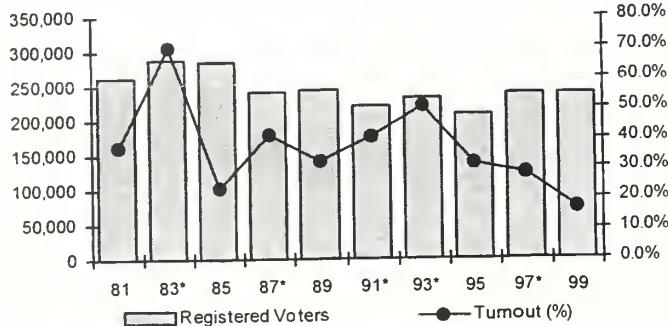
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What is the real reason that Boston's Washington Street Business Improvement District (BID) legislation has been bottled up in the Legislature? Is this a precursor of political problems that will face whatever entity is established to manage the 27 acres of the Surface Central Artery? The public explanations for no action are not much more than red herrings.

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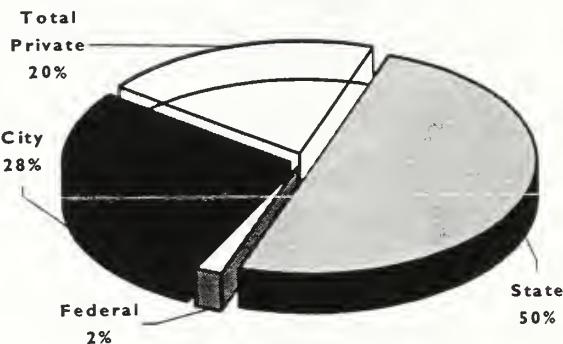
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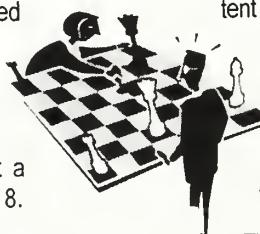
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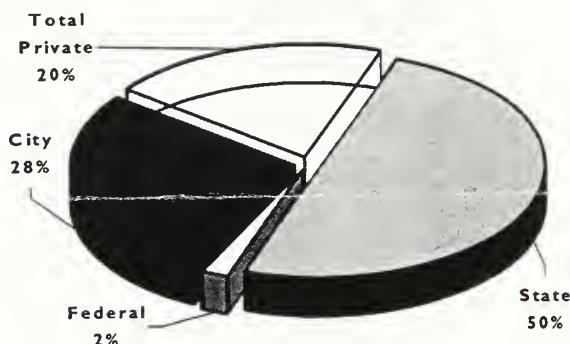
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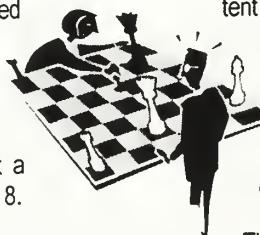
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The key to realizing this projection is to greatly expand the capacity and improve the quality of Inner Harbor terminal facilities and provide more seamless transit connections between the terminals and business and visitor destinations. A coordination of public and private efforts is essential for the successful expansion of ferry services. Those are some of the key points raised in a forum on water transportation sponsored by the Bureau on November 9.

Those points also are contained in the BRA's report, "Boston Inner Harbor Passenger Water Transportation Plan", which was released at the forum.

Currently, seven operators provide annual water transit services to approximately 1.5M riders.

Pressures to expand ferry services come from increasingly congested landside travel routes around the harbor that will exist even after the Central Artery project is complete as

well as waterfront development growth and community and visitor activity.

The critical challenge to insure full growth of the ferry industry is to establish a coordinated plan that begins to implement the location and building of terminal and boating facilities needed now and to identify in advance and reserve sites for future expansion.

Existing terminal facilities are operating at capacity during the peak season. Currently, seven operators provide annual water transit services to approximately 1.5M riders. The expansion of existing services plus expected new services are projected to increase annual ridership by 302% to 4.7M by 2010.

WHY NO WASHINGTON STREET BID?

What is the real reason that Boston's Washington Street Business Improvement District (BID) legislation has been bottled up in the Legislature? Is this a precursor of political problems that will face whatever entity is established to manage the 27 acres of the Surface Central Artery? The public explanations for no action are not much more than red herrings.

The first explanation is that Boston's BID legislation differs from the state's enabling legislation for BIDs. State law allows businesses in a BID district to opt out and not pay any assessment. However, Boston's legislation, modeled after most BIDs nationwide, requires all businesses that benefit from BID services to pay an assessment.

The second explanation is that the Boston Police Patrolman Association (BPPA) is concerned that the BID's proposal to hire community service representatives could supplant full-time Boston police officers in the district. That concern is unfounded. A cooperation agreement between the BID and City, signed by the Mayor and Police Commissioner, agreed to continue the current level of police services in the district with no reduction unless cuts are required citywide.

In a letter to the Legislature, the Commissioner said that police presence in the BID area would increase with the addition of new mounted patrol units.

The third explanation is that a provision in the cooperation agreement enables the City to negotiate with the BID to contract out city services. That provision is supported by the Bureau but would never apply to public safety services.

The Mayor recently restated his support for the BID. That will have to translate into direct involvement next year if the home-rule petition is to be approved.

BOSTON'S TAX-EXEMPT PROPERTY

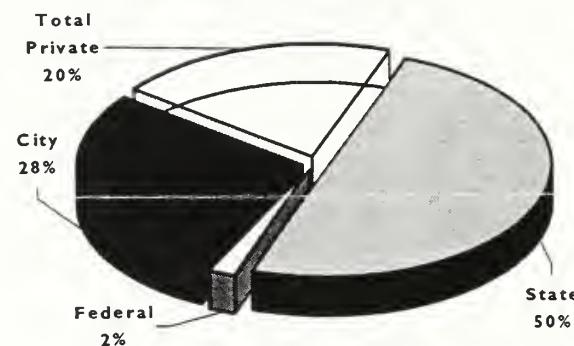
As the capital city of Massachusetts, the largest city in New England, and a center for health care and higher education, it is not surprising that 51% of Boston's 45 square miles is exempt from property taxes. However, with the public focus on hospitals and educational institutions, what may be surprising is that 80% of Boston's tax-exempt land is owned by public agencies.

Of the 23 square miles of exempt property in Boston, the Commonwealth and its authorities represent 50%, the City 28%, and federal and foreign jurisdictions 2%. Private exempt land represents only 20% of tax-exempt property citywide.

Of the total exempt land, religious institutions represent 7%. Educational institutions own about 6% of exempt land and hospitals own about 3% of exempt land. In FY99, 60% of exempt value was public and 40% private.

While not required to pay property taxes, several exempt institutions and one authority make voluntary Payment in Lieu of Tax payments (PILOT) to the City on an annual basis. (See July/August Bureau Update) In FY99, PILOTs totaled \$36M or 2.3% of the City's total general fund revenues of \$1.5B. Massport made the largest PILOT at \$10.4M.

ABOUT HALF OF BOSTON'S LAND IN FY99 IS TAX-EXEMPT



CITY ENDS WITH BUDGET SURPLUS

The City of Boston ended FY99 with a \$7.7M surplus. This surplus, based on an approved budget of \$1.542B, represents the 14th consecutive operating surplus achieved by Boston. The City collected revenues of \$1.549B or \$13.4M over final budget estimates. Expenditures totaled \$1.542B or \$5.7M over budget.

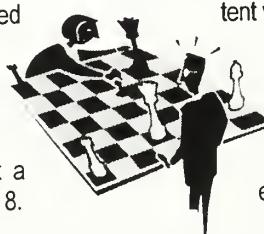
Total spending of \$1.542B represents an increase of \$18.2M over the original budget adopted by the City Council in June 1998. The increase is due to adjustments made at the time the tax rate was set in December and supplementary appropriations approved by the Council during the year. After six consecutive years of operating surpluses, the Menino Administration should be able to establish a free cash surplus by now.

FY99 ROUND-UP

- Revenues in excess of estimates came primarily from Lottery funds, aircraft fuel excise, investment income & 121A receipts
- Spending for snow removal, court judgments, and the Fire Department exceeded budget estimates
- The Police Department ended the year with a small surplus for the first time in several years
- The School Department finished the year with a surplus of \$7,989
- The BPS managed to achieve this surplus without the Mayor & Council approving a \$3.5M supplemental appropriation requested by the BPS in November 1998

LIVING WAGE REGS UNDER REVIEW

How Boston's Living Wage ordinance will be implemented is being decided now as the Living Wage Advisory Committee, appointed by the Mayor, reviews draft regulations and testimony presented at a public hearing on November 8.

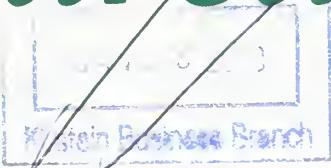


argued that the final regulations should be consistent with the ordinance.

On the other hand, ACORN, a grassroots advocacy group that joined with labor to initiate the ordinance, is proposing extensive changes to the regulations that could exceed the requirements of the ordinance.

The Living Wage Advisory Committee will review the regulations and proposed changes at its next meeting in December.

Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

December 1999

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

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Because the City cannot increase its property tax levy by more than 2.5% plus new growth, the increase in value required decreases in both the city's business and residential tax rates. The assessed values for FY00 are set as of January 1, 1999, which means they reflect the market values of the last quarter of 1998. The City's overall effective tax rate is 2.17%, down from 2.23%. The City's levy may not exceed 2.5% of total taxable assessed value.

As shown in the table, Boston's business value increased by 14.4% while the residential value increased by 8%. Consequently, Boston's business tax rate was set at \$34.21 per thousand of value, a decrease of \$2.83 or 7.6%. The residential rate was set at \$13.15, a decline of 2.2%.

The average tax bill of an owner occupied home is \$1,782, an increase of \$19.00 over last year. That bill reflects the impact of full classification

and a full 20% residential exemption, which this year represents a tax bill reduction of \$499.12. As a result of classification, residential property represents 55.7% of total taxable value but pays only 30.1% of the tax levy. Conversely, business property represents 44.3% of value but pays 69.9% of the levy.

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PROPERTY VALUATION, TAX LEVY & RATES
(\$000'S)**

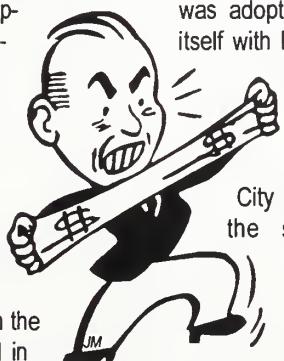
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Source: City of Boston Assessing Department

SCHOOL BUDGET PROBLEM...

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This year's problem is not much of a surprise since accounts were known to be under-funded in the final FY00 budget approved in June. As the Bureau reported in June (*Special Report 99-2*), policy decisions regarding pilot school openings, the



transportation contract and employee salaries were not fully funded when the budget was adopted. As a result, the BPS left itself with little flexibility to manage typical operating issues that arise during the year.

Also unresolved is whether City Hall will approve \$1.7M to fund the substitute teachers contract signed in June.

The BPS and City Hall will discuss what funds may be available now that the FY00 state budget has been finalized and what school budget savings can be achieved.

SCHOOL COMMITTEE APPOINTMENTS

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PROMOTION COSTS

Too many BPS students are not progressing fast enough to meet test-based graduation and promotion requirements. Recognizing this, the BPS last year implemented programs to provide reading and math support for targeted students. With these programs, the BPS essentially created an 11-month school year for many of its students. However, with planning now underway for FY01, it's apparent that sustaining these efforts will require careful consideration of how resources are allocated.

The FY00 budget allocated \$21.2M in city and grant funds to support a new 4-week mandatory summer school program, year-long transition services and after-school/Saturday programs. About 4,100 students were required to attend summer school last July. Additionally, over 5,000 students now receive remedial or "transition" services in grades 3, 6 and 9 that emphasize improving their reading and math skills.

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Also, the Superintendent wants to create math programs to complement existing literacy efforts. In 1999, only 20% of students who failed the Stanford 9 math test last year improved. Even among those who did well in 1998, 17% have slipped down to failing in 1999.

BPS officials are still wrestling with how to meet these program expansion needs. For instance, now under consideration is a plan to cut professional development associated with summer school to preserve literacy and math specialist positions.

New resources first should come from reallocating existing funds.

CLASS "A" TOWER VALUES & TAXES UP

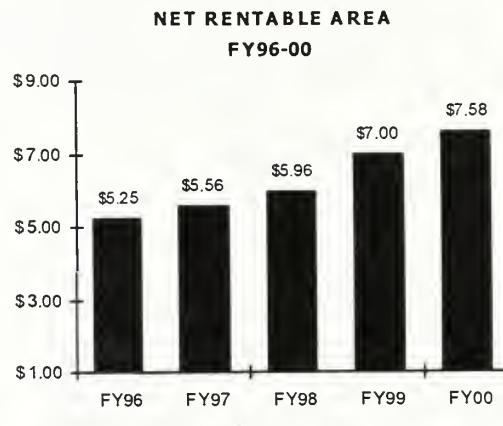
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Class A properties are typically large office towers built since 1975. Class A- properties are slightly older and do not have the prime location or amenities of class A.

Property taxes paid per rentable square foot for class A and A- have jumped by 44% since FY96. The supply of rentable space fell by about 1% due to increased demand in a robust economy, coupled with the slow pace of new office development.

The average assessment for class A space in FY00 is \$215 per square foot, a 20% increase over FY99.

TOWER SPACE TAX/SQFT

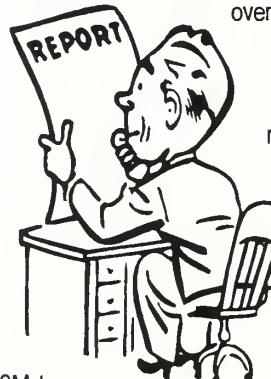


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The BPS will look to some of these funds to help solve its current budget problem. However, most employee contracts have expired and the City will need to fund the new agreements.

DPW SNAPSHOT

As the 4th largest city department, the Department of Public Works (DPW) is responsible for maintaining all city roads, bridges and streetlights. It also manages the collection and disposal of garbage and recyclables and removes snow from city streets.

As indicated in the table, since FY97 spending has increased by 22% while the workforce has remained stable. In particular, the DPW maintains about 785 miles of city roadway and 42,000 streetlights. It operates 4 major drawbridges, supervises contracts for the removal of 215,000 tons of solid waste per year and diverts about 39,000 tons of waste through the

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Source: City of Boston Budget

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Bureau Update

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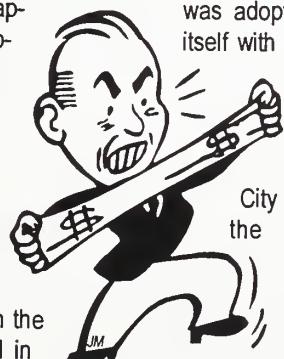
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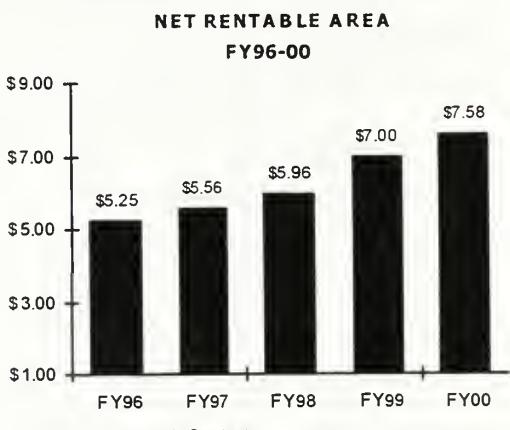
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Bureau Update

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BOSTON MUNICIPAL RESEARCH BUREAU

January 2000

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BUREAU NEWS

At the Bureau's 68th Annual Meeting on February 8, Mayor Thomas M. Menino focused his remarks on economic development and educational issues. Call the Bureau for a copy of the Mayor's speech. We also elected new officers for 2000 and elected 2 new Directors to the Board.

Officers for 2000:

Chairman- Thomas E. Moloney, CFO, John Hancock Financial Services

Vice Chair-Donald B. Holmes, NE Managing Partner, KPMG

Treasurer- Kenneth G. Condon, VP Financial Affairs & Treasurer, Boston University

President- Samuel R. Tyler

New Directors:

James P. Connolly, VP, The Gillette Company

William N. Whelan, Chairman, Spaulding & Slye Colliers Intl.

The Bureau thanks our departing Chairman **Carl Gustin**, Senior VP Boston Edison, for his leadership over the past 2 years.

The Bureau also thanks outgoing Executive Committee member **Ruth Ellen Fitch** of Palmer & Dodge and welcomes its newest member **Stephen Cavan** of MFS Investment Management.

Thanks again to the premiere corporate sponsors of the Annual Meeting: **Mellon Financial Corporation**, **KPMG LLP** and **Trigen Energy**.

CITY FACES STATE AID CHANGE

The Governor's proposed FY01 budget of \$21.3B contains a big surprise for cities and towns. Within an overall Cherry Sheet allocation to municipalities of \$4.8B, a 4% increase over FY00, the Governor is recommending expected increases in Chapter 70 school aid and Lottery distributions. However, Additional Assistance, unrestricted aid to municipalities, would be cut by \$47.6M or 10% in order to fund a new grant program related to local service costs associated with growth. Boston's share of the cut is \$20.6M or 48% of the total.

Of concern is that the Additional Assistance distribution is based on a needs-based formula that benefits urban areas. Whether the grant program will equally benefit Boston is uncertain. At a time when several major issues related to local aid distribution need to be addressed, this proposed redistribution of local aid should be part of a broader analysis and plan.

Over the past 3 years, Boston's annual local aid increase has averaged \$31.7M. At this time, Boston is estimating that the Governor's budget will mean a \$15.6M or 3.3% cut in state aid to the City

based on existing facts. However, 3 factors could change the final number.

- ◆ A lottery supplemental budget should be available again next year.
- ◆ Boston will receive receipts from the \$47.6M Additional Assistance grant program.
- ◆ The House and Senate will make changes that will impact final local aid support.

BOSTON'S SELECTED LOCAL AID FIGURES IN 000

	FY00	GOV. FY01	CHANGE
Chapter 70	\$186,152	\$195,894	\$9,742
Lottery*	55,966	60,418	4,452
Additional Assist.	206,638	185,974	(20,664)

* Excludes a supplemental of \$7.1M in FY00.

Nevertheless, the Mayor must use the Governor's local aid numbers in developing his FY01 budget recommendations. Adjustments will be made once the final state budget is approved.

TRIPLE "DOUBLE A" FOR BOSTON

Boston's general obligation (GO) debt is now rated double A by all three major rating agencies. Standard & Poor's increased Boston's bond rating to AA- on January 26. That represents the highest rating Boston has received from S&P, which had rated Boston's bonds at A+ since 1995.

Moody's Investor Service had increased Boston's rating to Aa3 in October 1998, and Fitch IBCA gave Boston an AA- rating at the same time. The higher rating does not give the City a signal to relax its financial management or give a green light for higher spending. The upgraded rating reflects:

- ◆ Boston's continued economic growth, excellent property value growth and strong new construction activity. Taxable property values of \$39.9B now surpass the pre-recession \$36.4B peak in FY91.

◆ The City's increasing financial strength due to its long history of balanced budgets and positive operating results. Boston's unreserved fund balance as a percent of expenditures has increased to 8.5% in FY99, up from 5.1% in FY97.

- ◆ More levy flexibility in the event of a modest property value decline because Boston's actual levy is falling farther below its primary 2½ levy ceiling.
- ◆ A moderate debt level with a fairly rapid pay down, with 39% of the debt paid in 5 years and 70% in 10 years.

S&P did express concern about the City's continued staffing growth that has increased city spending well above the rate of inflation.

SCHOOL NEWS

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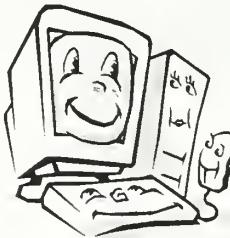
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Neighborhood Development	5,589	5%
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Parks and Recreation	5,160	4%
Fire Department	3,597	3%
DRA	2,245	2%
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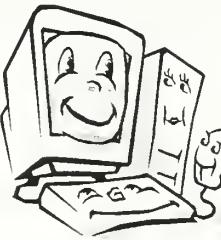
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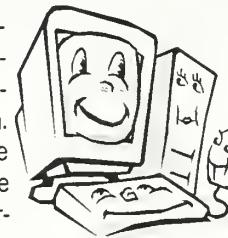
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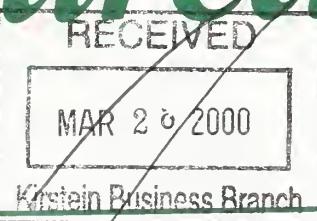


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Henry L. Shattuck Public Service Awards

NOMINATIONS SOUGHT

The Bureau is now accepting nominations for the 2000 Henry L. Shattuck Public Service Awards. If you would like to nominate an exceptionally dedicated employee of the City of Boston, please contact the Bureau at 227-1900 for a nomination form or email us at dsmith@bmrb.org. All nominations must be submitted to the Bureau by Thursday, April 20.

Since 1985, the Bureau has honored 93 extraordinary city employees, representing a wide diversity of positions.

3 BPS HIGH SCHOOLS TO CHANGE

On March 1, Superintendent Thomas Payzant announced his plans to intervene in 3 of the City's high schools due to chronically low-test scores and failure to fully implement basic school-based reform initiatives.

This action represents the most aggressive reform initiative to occur in any Boston public school since a reorganization team was sent to the Burke High School following the loss of its accreditation in 1995. The 3 schools to be intervened are Boston High, Dorchester High and South Boston High.

Intervention is a joint management-labor process, established in the BTU contract and reinforced by the Education Reform Act, that enables the Superintendent to reassign faculty and staff, change working conditions, and shut down ineffective programs. Though intervention allows for broader management authority, departing staff members are guaranteed another position with equal pay and responsibilities.

A decision not made lightly, intervention is the last in a series of steps to monitor reform pro-

gress and hold staff accountable for results while keeping the school open. It can mean the suspension of some employee union rights and changes in organization and school-based budget structure.

The Superintendent, the BTU and other representatives have appointed 3 separate intervention teams to enter each school over the next few weeks. Their recommendations will be presented to the School Committee by June for implementation by September.

Among the changes expected include the creation of small, more manageable learning communities within the large high schools, more flexibility in class scheduling and teacher hiring, and the reassignment of administrative staff and/or functions.

If the Superintendent is unsatisfied with team recommendations or if intervention fails to improve performance, these 3 schools could be closed-down and re-opened in a reconstituted structure.

ARCADE FOR CITY HALL PLAZA COMING

One reason that no visible change has taken place on City Hall Plaza in almost 5 years is the precondition set by the Menino Administration in 1995 that no city funds be used for improvements, despite the Plaza being the front door of City Hall.

That situation has changed as the BRA will provide \$1.5M for the construction of a community arcade along the Cambridge Street side of City Hall Plaza. The funding will come from proceeds from the sale of 15 Beacon Street.

City capital funds for the BRA have been used to reimburse

the Trust For City Hall Plaza for some of its expenses. In the \$120M bond issue sold in February, \$47,783 was allocated to the Trust.

The arcade, made of wood and steel, will be 330 feet long from the MBTA station to the JFK building with 15 bays and four

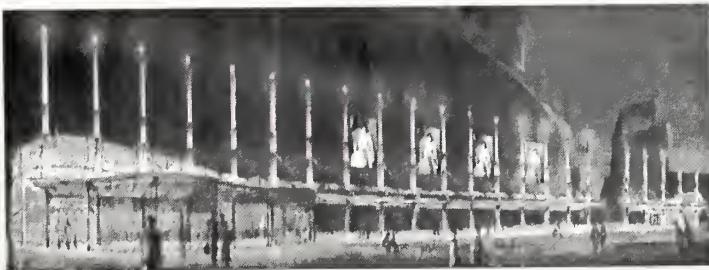
bench areas. Lighting will be provided to enhance the attractiveness of the arcade during the evening.

Banners can be displayed from the arcade to provide color and display information about events in the City. The arcade will be used for farmers markets, exhibi-

tions, etc. and be an area for seating. Construction is expected to begin this spring.

The arcade is part of the first phase of the renovation of City Hall Plaza that was announced by the Mayor last December based on the work of the Trust For City Hall Plaza.

Also included in the first phase are a new \$20M glass MBTA head-house for the Green and Blue lines and a new park in front of the Cambridge Street entrance of the JFK building estimated to cost \$6.0M.



MBTA Headhouse and City Hall Plaza Arcade Design 1999

STATE OVERSIGHT OF BOSTON

The issue of state oversight of Boston activities was raised with the recent death of Edmund L. McNamara, former **Boston Police Commissioner** from 1962 to 1971. Not mentioned in any statement about Ed McNamara was the fact that he was the first Boston Police Commissioner to be appointed by the Mayor of Boston since 1906.

From 1906 to 1962, the responsibility to appoint the Boston Police Commissioner rested with the Governor, not the Mayor. For Boston trivia enthusiasts, Leo J. Sullivan (1957-1962) was the last Police Commissioner to be appointed by the Governor. The Mayor now appoints the Police Commissioner to a 5-year term, which is not co-terminus with the Mayor's own 4-year term by design.

Other vestiges of state oversight of Boston activities still exist in the form of the **Boston Licensing Board** and the Boston Finance Commission. The Board is responsible for the issuing and renewal of liquor licenses in the City and holding hearings concerning any violations. The Board consist of 3 members appointed by the Governor from residents of the city.

The **Mayor's Office of Consumer Affairs & Licensing** has similar responsibilities in Boston related to entertainment licenses. Over the years, the Mayors of Boston have periodically proposed combining the two offices to create greater efficiencies. However, the Mayors have not been successful in convincing the Governors to forego the three coveted appointments on the Licensing Board.

The **Boston Finance Commission** was established in 1909 and consists of 5 Commissioners appointed by the Governor to 5-year terms. The Governor also names the Chairman of the Commission while the City is responsible for funding the office. The Commission's responsibility is to investigate and report on, at its discretion, matters related to the City's finances and the administration of city departments.

BPS ATTENDANCE UP, BUT STILL POOR

Stricter promotion requirements and new prevention efforts appear to be making a dent in the BPS's poor attendance rates. However, about 20% of students are still out at least 4 weeks per year and acute truancy at the 12 non-exam high schools has continued.

Since FY98, the number of elementary students with 20 or more absences decreased from 15% to 10%; middle school rates fell from 25% to 19%.

The coordinated efforts of city, state and community agencies, combined with the hiring of 4 new truant officers, have been key factors in this improvement. Further progress is needed if the huge investment in education reform is going to work effectively.

For instance, the BPS is still struggling in the



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In 1998, the School Committee reduced the number of allowable absences per year from 27 to 12, or 3 per quarter. If students exceed the limit, they must make-up missed work and in some cases, must attend summer school.

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Bureau Update

APR 13 2000



BOSTON MUNICIPAL RESEARCH BUREAU

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

February 2000

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Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

February 2000

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☆ HENRY L. SHATTUCK PUBLIC SERVICE AWARD 2000 NOMINATION FORM ☆

Unsung Hero ☆ Exceptional Employee ☆ Diverse Range of Positions

Nomination Due On or Before April 20, 2000

Boston Municipal Research Bureau, Awards Committee, 333 Washington Street, Suite 854, Boston, MA 02108

1. Individual Making Nomination

Name _____ Title _____

Address _____ Phone _____ Email _____

 City Department Head City Employee Bureau Director Bureau Member Citizen**2. ☆ Name of Nominee ☆ _____**

Title _____

Business Address _____

Telephone _____ Email _____

Nominee's Home Address _____

Telephone _____

3. Years of service as a City of Boston employee _____**4. Current Position and Title _____ Number of years in current position _____****5. Full description of duties: - use an attached sheet if needed.****6. Previous titles held in current department, approximate length of time in each****7. Former positions in other departments of the City****8. Significant accomplishment (s) in this position and/or previous positions - use a separate page.****9. ☆ STATEMENT(S) IN SUPPORT OF NOMINATION****The Committee relies heavily on these statements when making its selection**

Additional statements can be included with this nomination

NOTE: Your nominee must meet the ☆ Shattuck Award Criteria ☆

- ☆ Unusual competence and professional spirit in handling assignments.
- ☆ Exceptional initiative and professional attitude.
- ☆ Proven ability to efficiently and productively deliver services to the public.
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- ☆ Prudent management and administration of all assigned responsibilities.



Boston Municipal Research Bureau

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Telephone: 617-227-1900 Fax: 617-227-2815

SHATTUCK PUBLIC SERVICE AWARD NOMINATION

Do you know an exceptionally dedicated City of Boston employee who has impressed you with his or her unusual competence and professional spirit? The Research Bureau is soliciting nominations for the 15th Annual Shattuck Public Service Awards. We want to publicly recognize the unsung heroes, the exceptional employees for their outstanding service and commitment to Boston and those who live and work in the City. Past Shattuck recipients have represented a diverse range of employees and positions in all levels of city government from laborer to manager, from street sweeper to principal.

I hope you will consider making a recommendation to the Bureau's Awards Committee using the enclosed form. The criteria for the Shattuck Awards is as follows:

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The Bureau's Awards Committee will review the nominations and select this year's recipients who will be honored at a ceremony in October. Joanne Y. Jaxtimer, First Vice President Corporate Affairs for Mellon Financial Corporation, chairs the 2000 Shattuck Awards Committee.

The closing date for nominations is April 20, 2000. To assist the Committee in the selection process, it is essential that you complete the nomination form and submit a statement explaining, in as much detail as possible, the reasons for your nomination. The Committee relies heavily on these statements in making its selections.

Thank you for your assistance in the process. Please call the Bureau at 227-1900 if you have any questions or need more information.



Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

February 2000

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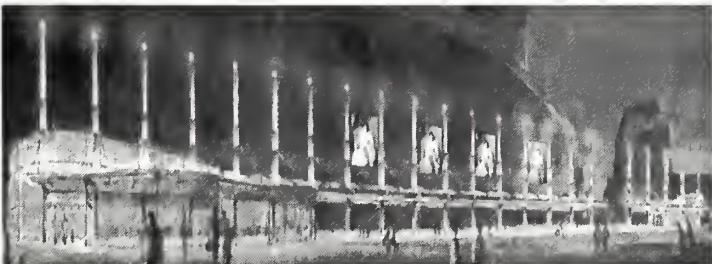
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Bureau Update

March 2000



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FENWAY PARK FINANCING...

The situation of school capital demands pressing available revenues is one reason the Mayor recently has pointed to the convention center as a financing model that should be followed for a new baseball stadium.

Translated that means that the City is willing to use its capital budget to provide some support for the building of a new stadium but that the debt service costs incurred will need to be funded by reliable new revenue sources made available to the City. With

(Continued on page 2)

PAYING FOR 3 NEW SCHOOLS

The Menino Administration's commitment to the Boston Public School Department's capital program is admirable but the costs may be too aggressive. With the dollars available, it may not be possible to fully support the 3 parts of the BPS's capital program: basic infrastructure improvements, technology and new schools.

The Administration should evaluate the direction of its school capital program and rethink the policies that are driving this spending. The Bureau will comment further on this issue after the Mayor submits his FY01 recommended capital budget to the City Council on April 12.

In a departure from past practice, the Mayor presented his capital request for 3 new schools for FY01 to the Council on March 29. The Brunswick Gardens (6-8), Mildred Ave (6-8 with community center) and Orchard Gardens (K-8) schools will be constructed in Roxbury, Dorchester and Mattapan and are expected to accommodate 2,300 students.

The request is made now rather than on April 12 as part of the whole capital budget to give the City Council sufficient time to approve the loan orders by June 1. Because of expected changes in the state's School Building Assistance (SBA) program, the Administration is pushing to have all steps completed so that the plans for the 3 new schools can be submitted to the state by June 1 to ensure maximum reimbursement.

The loan order request for the 3 schools is for \$97.7M. Loan orders for \$16.9M have already been approved, bringing the total cost for the 3 schools to \$113.7M. Under existing SBA rules, Boston expects to receive state reimbursement of 90% of allowable expenses for these projects. However, Boston's expenses per sq. ft. exceed state standards, resulting in the City absorbing a

larger share of the total costs.

Of the \$113.7M expense for the 3 schools, Boston expects to receive \$68M from the state for a net reimbursement of 60% at this time. That would require the City to pay \$45.7M, not including interest costs over 20 years. Based on the rates of the City's most recent bond issue, that interest cost over 20 years would total approximately \$27M, for a total cost of \$72.7M.

Reimbursement of 60% is an improvement over earlier estimates of less than 50% (See January 2000 *Bureau Update*). Even so, more steps must be taken to cut the City's costs.

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March 2000

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Bureau Update

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BureauUpdate



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Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

April/May 2000

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WELCOME NEW BUREAU MEMBERS



The Bureau is pleased to welcome as new members the following firms & companies:

Boston Properties

Hutchines, Wheeler & Ditmar

Spaulding & Slye Colliers

Wainright Bank & Trust Company

The Bureau's members represent a broad range of Boston's business & non-profit communities. Thanks for your support.

RESTRUCTURING 3 HIGH SCHOOLS

Turning around low performing district high schools is one of the most difficult challenges facing the BPS. Recently, 3 joint labor-management intervention teams issued reports on South Boston, Dorchester and Boston High Schools with recommendations for change (see *Bureau Update*, February 2000).

Unfortunately, increasing hiring flexibility failed to gain the support of the joint intervention teams and was not included in the recommendations.

Generally, the teams found school leadership to be ineffec-

tive; classroom curriculum practices inconsistent; professional development weak to nonexistent; and parental outreach unproductive. To remedy these problems, the Superintendent will require the schools to:

- ◆ breakdown into smaller, more manageable academies
- ◆ restructure school leadership teams under direct supervision of the Superintendent's Office for 2 years
- ◆ re-write administrative job descriptions and require all middle managers to re-apply

for new positions

- ◆ establish a teacher evaluation swat team to ensure administrators regularly evaluate teachers, which in some cases had not been done

If administrative staff, as opposed to faculty, fail to meet new requirements, they will be reassigned. They cannot be placed on leave or terminated.

The Superintendent indicated that up to 3 other high schools could be intervened in 2001 depending on their reform progress next school year.

SELECTED REPORT QUOTES

South Boston High students refer to Fridays as "unofficial half-days";

Dorchester High's master class schedule "...has not been coordinated or implemented effectively";

Boston High's professional development program "... has not had an appreciable impact on classroom practice..."

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Bureau Update

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MAKE LINKAGE PROCESS WORK

The current discussion about linkage from development in the Seaport District is forcing an open debate about how linkage should be allocated fairly to meet housing needs in South Boston and the city as a whole.

The existing process defined by state law, not an arbitrary goal negotiated behind closed doors, will determine how linkage funds will be distributed. A lack of public scrutiny and debate 2 years ago contributed to the problems that need to be resolved now.

The distribution of linkage funds from development is decided by the Neighborhood Housing Trust (NHT), 6 Trustees appointed by the Mayor and 1 City Councilor. Linkage must be used to help create or retain housing for low or moderate income Boston residents. Proposals submitted must be feasible with land available. Fair housing standards apply to projects receiving linkage funds.

A memorandum of understanding, negotiated privately in 1998 between the BRA and the

State Senator, Representative and District City Councilor representing South Boston, called for the BRA to establish a "goal" of allocating 51% of linkage from development in the Seaport District to South Boston.

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The memorandum, however, does not supersede state law and the Zoning Code. That means the NHT decides how linkage will be allocated based on its standards in the context of citywide needs and reasonable neighborhood mitigation requirements. To foster funding diversity, the NHT should initiate an outreach program to educate housing developers on linkage application procedures. For more info, see *Bureau Brief 00-2* issued June 2000.

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TEACHER CONTRACT REFORMS NEEDED

Fundamental changes must be made in the new teachers' contract in order to facilitate improved student achievement in Boston.

The stakes are high, creating an urgent need for true reform now. Too many students are neither being prepared to pass the tests required for graduation in 2003 nor building the skills needed for jobs in today's economy.

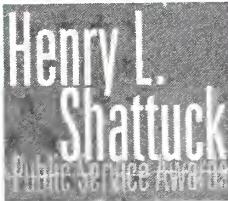
The contract now controls decisions and processes critical to school improvement like which teachers are hired by schools, how they are trained & how schools are organized.

For that reason, the Bureau has helped establish Boston United for Children, an unprecedented coalition of parent, community, business, religious and civic groups that have come together to push for accelerated school reform through changes in the teachers' contract and in related management practices.

Boston United for Children is advocating a new contract that will give schools more authority to hire the best teacher for every vacancy, build in more time for targeted professional development and simplify a school's ability to decide on schedules and organization.

The reforms that are supported can occur without conflict or labor strife. Time is running out. For more information, see *Bureau Brief*, No. 00-3.

THE 2000 SHATTUCK AWARDS



The Bureau is pleased to announce the 15th Annual Shattuck Public Service Award recipients.

The Shattuck Public Service Awards are given each year to a few special, dedicated city employees who have committed themselves to excellence in public service.

The Shattuck City Champion Award is presented to **Wayne A. Budd**, General Coun-



This year's awards ceremony will be held on **Wednesday, October 11** at the **US Courthouse on Fan Pier at 6PM**. A reception will immediately follow the ceremony. If you would like to join the Bureau in honoring the 2000 recipients, call us at 227-1900.

The 2000 Shattuck Awards Committee Chairperson is Joanne Jaxtimer, First Vice President of Corporate Affairs at Mellon Financial Corporation.

sel of John Hancock Financial Services, and **Barbara A. Whelan, CSJ**, Executive Director, Bridge Over Troubled Waters. Both are honored for their significant contributions to the Boston civic community.

The Shattuck Chairman's Award will be presented to **Justine M. Liff**, Commissioner of the Boston Parks and Recreation Department, for her outstanding efforts and leadership in the City.

The 2000 Shattuck Award Recipients are:

Mary T. Carr, DND

Karen A. Devereux, MIS

Patricia M. DiCienzo, Police

Gail E. Hackett, City Council

Glen Harris, Guild Elementary

John P. McDonough, BPS

UNION CONTRACT SIGNED

The Menino Administration reached a settlement with AFSCME Council 93, the first of several union contracts that expired on June 30, 1999. The contract awaits employee ratification.

The long-term increased costs of the new compensation and benefits in this and other contracts will force the Administration to evaluate the City's staffing levels. Staff reductions over time may be required to keep personal service costs under control.

AFSCME represents about 2,900 employees in Boston. The tentative contract pro-

vides for limited management changes and an annual base wage increase of 3% for each of the 3 years from FY99 through FY01. Effective January 1, 2001, employees will receive dental/vision benefits.

More problematic for the Administration will be negotiations with teachers and firefighters. The Administration is insisting on needed contract language changes for firefighters based on the O'Toole Commission recommendations. The School Superintendent is pushing for more school-based hiring and organizational control. The Administration must stand firm with both unions.

FISCAL YEAR 2001 CITY BUDGET APPROVED

The City of Boston's FY01 operating budget totals \$1.692B, an increase of \$86.1M or 5.4% over FY00. The budget supports 17,374 FTE positions, an increase of 70, by far the smallest increase of any of the Mayor's 7 budgets.

Additional appropriations for collective bargaining agreements being negotiated will increase the City's budget further. Final state local aid for Boston, set after the city budget was approved, added only \$96,101 to the City's operational budget.

The City's final budget differs from the Mayor's original April submission by only \$335,000. One change involved an increase in the personal staff allocation of each City Councilor by \$10,000 for a total price tag of \$130,000.

The ordinance governing these salary levels has not been amended yet to authorize the increases to become effective.

The Mayor also transferred the BPS legal office function to the City's Law office with no change in the overall bottom line.

FY01 CITY BUDGET FACTS

- ✓ Only 8 budget accounts represent 83% of the \$1.7B allocation
- ✓ Outside the 8 accounts in table I, other accounts received an average increase of approximately 3%
- ✓ The BPS reflects \$592M or 35% of the City's operating budget
- ✓ 68% of the City budget supports employee salaries and benefits
- ✓ A \$13.7M reserve is established to provide a partial base for collective bargaining increases
- ✓ Boston is dependent on 2 revenue sources for 83% of general fund revenues: the property tax (52%) & state aid (31%)
- ✓ Property taxes grew by \$49.6M or 5.7% while state aid rose by \$15M or 2.9%

LARGEST BUDGET ACCOUNTS

TABLE I (\$000's)

Department	FY00 Budget	FY01 Budget	Change	% Change	% of Total
1 School	\$575,327	\$591,998	\$16,671	2.9%	35.0%
2 Police	204,007	213,446	9,439	4.6%	12.6%
3 Retirement Board (Pensions)	128,659	136,790	8,131	6.3%	8.1%
4 Fire	115,938	117,414	1,476	1.3%	6.9%
5 Debt Service	96,440	114,920	18,480	19.2%	6.8%
6 Health Insurance (City & County)	81,300	89,430	8,130	10.0%	5.3%
7 Public Works/Snow Removal	67,977	68,362	385	0.6%	4.0%
8 State Assessments (MBTA)	67,252	67,270	18	0.0%	4.0%
Sub-Total	\$1,336,901	\$1,399,630	\$62,729	4.7%	82.7%
Grand Total	\$1,605,422	\$1,691,561	\$86,138	5.4%	100.0%

SCHOOL BUDGET PROBLEMS?

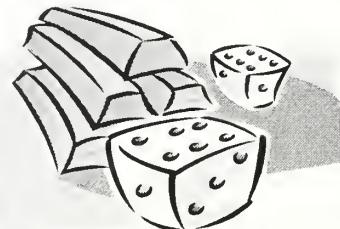
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Bureau Update

BOSTON MUNICIPAL RESEARCH BUREAU

June/July 2000

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

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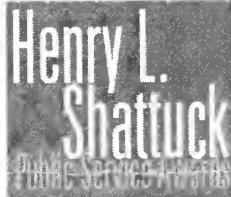
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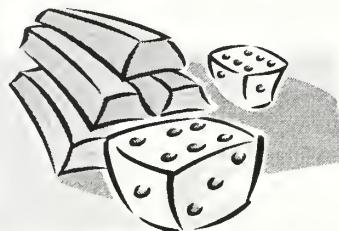
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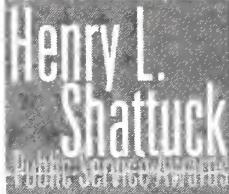
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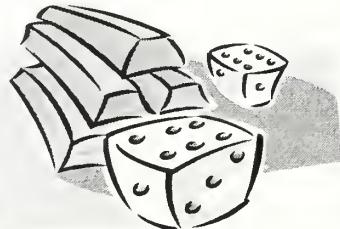
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BOSTON MUNICIPAL RESEARCH BUREAU

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

BUREAU NEWS



Mark your calendars:

- December 12, 2000** ~ *The Changing Roles of Cultural Institutions in Boston: Opportunities and Obstacles.* Swissotel, 7:45-9:30 a.m. Reservations required.
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- ◊ 2,100 city-assisted affordable units
- ◊ 1,100 restored vacant public units
- ◊ 4,300 private market production units

The City pledges to:

- ◊ Make 1,000 parcels of city-owned land available for housing (\$15M. est.value)
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- ◊ Expedite the permitting process.
- ◊ Expedite the community review process.
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The City will call on Boston's private institutions and lenders to provide \$50-\$100 million in below-market loans and grants for a Housing Finance Pool to support affordable housing production. Progress reports will be issued every six months to assess the City's performance in implementing this total strategy.

VALUES TO GO UP, TAX RATES TO GO DOWN

Boston will set the tax rates for residential and business properties in December. A first look, based on preliminary data, reveals that overall values will grow by approximately 25%, which will be partially offset by a drop in the property tax rates in excess of 10%. Class A office towers collectively are expected to increase by 27% in value, which means on average tax bills will increase 6-7%. This year, all properties have been revalued as required by law and reflect the value of as of January 1, 2000. Stay tuned for final data in December.

THANK YOU

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Premier

KeySpan

Platinum

FleetBoston

John Hancock Financial Services

The McCourt Company

Verizon

Gold

Cablevision

Ernst & Young, LLP

Fidelity Investments

KPMG LLP

Mellon New England

NSTAR

State Street Bank & Trust
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Silver

BlueCross BlueShield of
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Cabot Industrial Trust

Choate, Hall & Stewart

Citizens Bank

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Hill Holiday

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Palmer & Dodge LLP

RCN

Ropes & Gray

Wainwright Bank

Bronze

Boston University

Clarke & Company

Connell Limited Partnership

Hale and Dorr LLP

Harvard University

IBM

Marsh USA, Inc.

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Museum of Science

New England Aquarium

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NEWS

Seasons
Greetings

- ◆ **DECEMBER 12, 2000**, a discussion on the changing roles of **CULTURAL INSTITUTIONS** in Boston will take place at the Swissotel. This will not be a typical forum style, it will be an opportunity for audience participation and in-depth questions and challenges to the participants. Reservations are required.
- ◆ **LAST CALL** - the Bureau's **2001 RESEARCH SURVEY** has been mailed and the results are being tallied. If you haven't completed a survey please do so as soon as possible. Thank you to all who have participated. Your input will shape the Bureau's agenda in 2001.
- ◆ **FEBRUARY 27, 2001** - Bureau **ANNUAL MEETING 2001** - Keynote speaker, Mayor Thomas M. Menino.

IMPLEMENTATION

Stating that the "world is watching," Superintendent Payzant updated the School Committee on plans to implement the recently negotiated teachers' contract at its November 15th meeting. As a first step, the Office of Human Resources is undergoing a reinvention that is intended to streamline operations, improve the hiring process and hold individuals accountable for implementing the provisions of the contract. A strict timeline has been developed that focuses on key budget dates and staffing requirements.

The HR, Budget and Technology departments have a long list of priorities and a challenging agenda to meet. The hiring and transfer timetables are squeezed, putting pressure on the Administration to meet those dates. The hope is that the BPS will be able to improve its candidate pool, build and retain a highly skilled, motivated and diverse workforce; improve the quality of services and use technology to increase the effectiveness of operations. The latest BTU contract removed some of the obstacles to improvement. Now it is in the hands of the BPS to implement and follow through. We will be watching!

FENWAY AREA

It took the proposal of a ballpark to bring \$100M in long awaited infrastructure improvements into the Fenway neighborhood. Chapter 208 authorizes the Commonwealth to spend \$100M to improve the public infrastructure in the Fenway area, ultimately protecting the investment taxpayers are making to assist in building a new Fenway Park. The Governor and Legislature acknowledge that the Fenway area needed some improvement in order to adequately host the ballpark as well as existing services and that \$100M should meet that requirement. The legislation mandates that the Economic Development and Industrial Corporation of Boston (EDIC) and the Boston Red Sox Baseball

Club develop a Memorandum that details the infrastructure improvement plans. In early November, the parties complied with this provision and released a report that outlines the transportation, public works and other improvements that are planned for the Fenway area. None of the \$100M can be spent within the boundaries of the new park.

Specifics include:

Roadway and Traffic	\$27.0M
Transit	\$22.2M
Pedestrian and Landscape	\$17.5M
Utilities	\$20.4M
Contingencies	\$5.5M
Escalation	\$7.4M

MCAS RESULTS

The state recently released the MCAS results for school districts in Massachusetts. Boston did improve at every grade level, with fewer students in the failing level and more making it to the advanced level. However, a lot of work lies ahead for the BPS as a significant amount of students remain in the failing level.

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Dorchester HS	82%	89%
Burke HS	63%	78%
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Hyde Park HS	80%	96%
South Boston HS	82%	78%
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Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

December 2000

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

SESSIONS
NOTES
NEWS
BY

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Seasons
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Business Branch

A Monthly Review of Issues Affecting the City of Boston

12-00

Bureau Update



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SEEN
IN
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NEWS

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Bureau Update

January, 2001

Happy New Year!



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THE STATE OF THE CITY

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- ▶ The Mayor also re-appointed **Susan Naimark** to a 4-year term on the School Committee.

QUINN BILL COMES DUE

The City's acceptance of the Quinn Bill in the last police contract has turned out, as the Bureau cautioned, more expensive than the Menino Administration anticipated. This benefit is turning out to be an extremely high cost program with a significant impact on the City's long term finances as more officers receive degrees and others retire with higher base salaries. In FY01, a total of \$12.9M was paid out to 1,228 police officers. The City set aside \$10M in its FY01 budget. The City will be reimbursed by the State for half of each year's costs in the following year. On average, qualifying officers received a Quinn Bill payment of \$10,519.



The Quinn Bill is a local option education incentive plan for police officers that increases their salaries by 10% for an Associate Degree, 20% for a Bachelors Degree and 25% for a Masters or Law Degree. Other than law, the degree must be in criminal justice or law enforcement. The Bureau has expressed concern that the high cost of the Quinn Bill is not commensurate with its benefits. No education standards are established for curriculum, attendance or instruction and credits are liberally given for past experiences. The State has established tougher graduation standards for its high school seniors than its police officers.

NEWS

FIRE CONTRACT REFORM

The Menino Administration should stand firm in its efforts to negotiate realistic and necessary reforms in the contract with Boston Firefighters Local 718. The Fire Department's fire suppression services are excellent but come at a high financial and human capital cost from operational and administrative inefficiencies and an imbedded culture that resists change and diversity within the ranks.

From the MMA Consulting Group report of 1995 and the O'Toole Commission report of 2000, recommendations have been made that require changes in the contract in the following areas:

- ▶ Reduce the alarming increase of injury leave by providing for light or partial duty for firefighters.
- ▶ Restrict shift swapping and acting out of grade to fill vacancies. These practices affect the allocation and continuity of staffing and interfere with efficient management.
- ▶ Institute drug testing. No less necessary for firefighters than police officers.
- ▶ Exempt top management positions from firefighters union. All uniformed officers except the Fire Chief and Commissioner belong to the same union.

The Administration is not trying to break new ground in Boston with these changes. Light duty and drug testing are included in the Boston patrolman's contract and some form of light duty is found in many firefighters contracts in Massachusetts and in other large cities. Visits by the O'Toole Commission members to 4 cities made it clear that Boston has not kept pace with fire management and administrative advances.

The firefighters are seeking a 21% salary increase over 3 years. That is too steep but agreement to the language changes above should result in a favorable wage increase. The Menino Administration has negotiated generous contracts recently for police officers and teachers in return for language changes to improve services.

The Bureau's 2001 internship program is now accepting applications for this year. If you know of any student looking for an internship in social policy/government please email Elaine Beattie at EBEATTIE@BMRB.org or call 617-227-1901.

TAX RATE DROPS AS

VALUES GROW



Boston's FY01 tax rates were set on December 20, in time for the bills to be mailed out before the price of stamps went up. In this revaluation year, taxable value increased by 26.5%, resulting in decreases in the business and residential tax rates. The average residential tax bill will increase by only \$38, to \$1,820 in FY01.

TAX RATE FACTS

- ▶ Taxable property values totaled \$50.5B, an all time high in the City.
- ▶ Property values have grown by \$10.6B or 26.5% since 2000, the largest single year % increase since 1986 when values grew by 33.5%.
- ▶ Residential values grew by \$7.0B or 31.4% since 2000 and business values increased by \$3.6B or 20.2%.
- ▶ In 1998, the last revaluation year, taxable property values grew only by \$2.8B or 9.0%.
- ▶ Since 2000, the levy grew by \$52.0M or 6.0% - the highest % growth since 1993 when the levy rose by 7.1%.
- ▶ Both the residential and business property tax rates dropped by 19.5% and 11.8% respectively this year. The lowest tax rates since 1991.
- ▶ For the second year in a row, new growth outpaced the 2½% levy growth, representing 58% of the increase while the 2½% increase represented 42%.

Since 1998, the last revaluation year for the City, values have increased by \$16.7B or 50%, the levy has grown by \$136.1M or 17.4% and both residential and business tax rates dropped by 21.5%.

CITY SURPLUS FY01

The City ended FY00 with an \$8.2M surplus. Spending totaled \$1.616B, while revenues amounted to \$1.624B. Revenues came in at \$12.1M more than budgeted, while the City spent \$3.9M more than planned. Revenue accounts that significantly exceeded budget expectations included: building permits (+\$7.0M), motor vehicle excise taxes (+\$5.9M), investment income (+\$5.4M) and Municipal Medicaid (+\$5.4M).

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The City's acceptance of the Quinn Bill in the last police contract has turned out, as the Bureau cautioned, more expensive than the Menino Administration anticipated. This benefit is turning out to be an extremely high cost program with a significant impact on the City's long term finances as more officers receive degrees and others retire with higher base salaries. In FY01, a total of \$12.9M was paid out to 1,228 police officers. The City set aside \$10M in its FY01 budget. The City will be reimbursed by the State for half of each year's costs in the following year. On average, qualifying officers received a Quinn Bill payment of \$10,519.



The Quinn Bill is a local option education incentive plan for police officers that increases their salaries by 10% for an Associate Degree, 20% for a Bachelors Degree and 25% for a Masters or Law Degree. Other than law, the degree must be in criminal justice or law enforcement. The Bureau has expressed concern that the high cost of the Quinn Bill is not commensurate with its benefits. No education standards are established for curriculum, attendance or instruction and credits are liberally given for past experiences. The State has established tougher graduation standards for its high school seniors than its police officers.

NEWS

FIRE CONTRACT REFORM

The Menino Administration should stand firm in its efforts to negotiate realistic and necessary reforms in the contract with Boston Firefighters Local 718. The Fire Department's fire suppression services are excellent but come at a high financial and human capital cost from operational and administrative inefficiencies and an imbedded culture that resists change and diversity within the ranks.

From the MMA Consulting Group report of 1995 and the O'Toole Commission report of 2000, recommendations have been made that require changes in the contract in the following areas:

- ▶ Reduce the alarming increase of injury leave by providing for light or partial duty for firefighters.
- ▶ Restrict shift swapping and acting out of grade to fill vacancies. These practices affect the allocation and continuity of staffing and interfere with efficient management.
- ▶ Institute drug testing. No less necessary for firefighters than police officers.
- ▶ Exempt top management positions from firefighters union. All uniformed officers except the Fire Chief and Commissioner belong to the same union.

The Administration is not trying to break new ground in Boston with these changes. Light duty and drug testing are included in the Boston patrolman's contract and some form of light duty is found in many firefighters contracts in Massachusetts and in other large cities. Visits by the O'Toole Commission members to 4 cities made it clear that Boston has not kept pace with fire management and administrative advances.

The firefighters are seeking a 21% salary increase over 3 years. That is too steep but agreement to the language changes above should result in a favorable wage increase. The Menino Administration has negotiated generous contracts recently for police officers and teachers in return for language changes to improve services.

The Bureau's 2001 internship program is now accepting applications for this year. If you know of any student looking for an internship in social policy/government please email Elaine Beattie at EBEATTIE@BMRB.org or call 617-227-1901.

TAX RATE DROPS AS VALUATIONS GROW



Boston's FY01 tax rates were set on December 20, in time for the bills to be mailed out before the price of stamps went up. In this revaluation year, taxable value increased by 26.5%, resulting in decreases in the business and residential tax rates. The average residential tax bill will increase by only \$38, to \$1,820 in FY01.

TAX RATE FACTS

- ▶ Taxable property values totaled \$50.5B, an all time high in the City.
- ▶ Property values have grown by \$10.6B or 26.5% since 2000, the largest single year % increase since 1986 when values grew by 33.5%.
- ▶ Residential values grew by \$7.0B or 31.4% since 2000 and business values increased by \$3.6B or 20.2%.
- ▶ In 1998, the last revaluation year, taxable property values grew only by \$2.8B or 9.0%.
- ▶ Since 2000, the levy grew by \$52.0M or 6.0% - the highest % growth since 1993 when the levy rose by 7.1%.
- ▶ Both the residential and business property tax rates dropped by 19.5% and 11.8% respectively this year. The lowest tax rates since 1991.
- ▶ For the second year in a row, new growth outpaced the 2½% levy growth, representing 58% of the increase while the 2½% increase represented 42%.

Since 1998, the last revaluation year for the City, values have increased by \$16.7B or 50%, the levy has grown by \$136.1M or 17.4% and both residential and business tax rates dropped by 21.5%.

CITY SURPLUS FY01

The City ended FY00 with an \$8.2M surplus. Spending totaled \$1.616B, while revenues amounted to \$1.624B. Revenues came in at \$12.1M more than budgeted, while the City spent \$3.9M more than planned. Revenue accounts that significantly exceeded budget expectations included: building permits (+\$7.0M), motor vehicle excise taxes (+\$5.9M), investment income (+\$5.4M) and Municipal Medicaid (+\$5.4M).

Bureau Update



BOSTON MUNICIPAL RESEARCH BUREAU

January, 2001

Happy New Year!

333 Washington Street, Suite 854 Boston, Massachusetts 02108 (617) 227-1900 FAX 227-2815

THE STATE OF THE CITY

In his 8th State of the City Address, Mayor Thomas M. Menino focused on a theme of investing in the people of Boston today in an effort to provide a stronger, more vibrant Boston for tomorrow. Without expanding the City's budget or making financial commitments that would tax the City's financial standing, Mayor Menino outlined how his Administration will help Boston residents have access to a better life by building on the City's successes. The Mayor placed emphasis on education, jobs, neighborhoods and partnerships by proposing to:

- ▶ Provide more English classes for new immigrants
- ▶ Invest \$2M of linkage funds for job training
- ▶ Improve the BPS's teacher recruitment program
- ▶ Further prepare students to pass the MCAS tests
- ▶ Place after school education programs aligned with the BPS curriculum in every community center
- ▶ Initiate WriteBoston to improve student writing
- ▶ Establish partnerships with the business community to help support all of these initiatives

► FEBRUARY 27, 2001

BUREAU ANNUAL MEETING 2001

Keynote speaker, **Mayor Thomas M. Menino**. State of the City, Part II. For more information call Diane Smith at 227-1900.

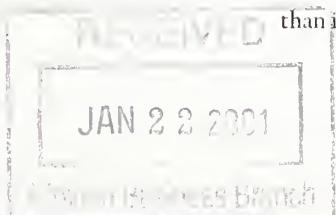
- ▶ In a surprising turn of events, Councilor **Charles Yancey** (District 4) was elected **President** of the Boston City Council. Of interest will be his appointments to chair the various Council committees.
- ▶ The School Committee elections were much quieter and less political resulting in no change to the leadership. **Elizabeth Reilinger**, Ph.D. and **Alfreda Harris** were re-elected as Chair and Vice-Chair respectively.
- ▶ The Mayor also re-appointed **Susan Naimark** to a 4-year term on the School Committee.

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